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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Directors") 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 2013 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Hong Kong dollars)

	Note	**2013** *$'000*	2012 *$'000*
Turnover	*2*	**220,421**	204,019
Direct costs and operating expenses		**(195,546)**	(192,529)
		24,875	11,490
Other net (loss)/income	*3*	**(265)**	3,028
Administrative expenses		**(59,199)**	(59,055)
Loss from operations		**(34,589)**	(44,537)
Finance costs	*4(a)*	**(80,855)**	(80,071)
Loss before taxation	*4*	**(115,444)**	(124,608)
Income tax	*5(a)*	**584**	573
Loss for the year		**(114,860)**	(124,035)
Attributable to:			
Equity shareholders of the Company		**(108,061)**	(116,713)
Non-controlling interests		**(6,799)**	(7,322)
Loss for the year		**(114,860)**	(124,035)
Loss per share	*6*		
- basic		**(2.90 cents)**	(3.13 cents)
- diluted		**(2.90 cents)**	(3.13 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in Hong Kong dollars)

	2013	2012
	$'000	*$'000*
Loss for the year	**(114,860)**	(124,035)
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	**14,064**	(386)
Total comprehensive income for the year	**(100,796)**	(124,421)
Attributable to:		
Equity shareholders of the Company	**(95,141)**	(117,068)
Non-controlling interests	**(5,655)**	(7,353)
Total comprehensive income for the year	**(100,796)**	(124,421)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
Non-current assets			
Fixed assets	7		
- Property, plant and equipment		**1,384,185**	1,463,173
- Interests in land held for own use under operating leases		**273,276**	272,517
Prepayments for construction costs		**27,399**	15,480
Intangible assets		**2,413**	2,606
		1,687,273	1,753,776
Current assets			
Interest in land held for own use under operating leases	7	**7,823**	7,587
Consumable parts		**16,881**	18,084
Trade and other receivables	8	**43,417**	35,781
Current tax recoverable		**19,161**	18,580
Cash and cash equivalents		**56,993**	73,571
		144,275	153,603
Current liabilities			
Other payables and accruals		**55,465**	67,154
Bank loans	9	**28,439**	52,267
		83,904	119,421
Net current assets		**60,371**	34,182
Total assets less current liabilities		**1,747,644**	1,787,958
Non-current liabilities			
Deferred tax liabilities		**6,276**	6,660
Bank loans	9	**1,210,887**	1,174,149
Amounts due to related parties	10	**210,764**	186,636
		1,427,927	1,367,445
Net assets		**319,717**	420,513
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**(87,988)**	7,153
Total equity attributable to equity shareholders of the Company		**285,276**	380,417
Non-controlling interests		**34,441**	40,096
Total equity		**319,717**	420,513

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Special reserve	Translation reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2012	373,264	710,477	(251,428)	104,864	31,947	(471,639)	497,485	47,449	544,934
Changes in equity for 2012:									
Loss for the year	-	-	-	-	-	(116,713)	(116,713)	(7,322)	(124,035)
Other comprehensive income	-	-	-	(355)	-	-	(355)	(31)	(386)
Total comprehensive income	-	-	-	(355)	-	(116,713)	(117,068)	(7,353)	(124,421)
Balance at 31 December 2012 and 1 January 2013	**373,264**	**710,477**	**(251,428)**	**104,509**	**31,947**	**(588,352)**	**380,417**	**40,096**	**420,513**
Changes in equity for 2013:									
Loss for the year	-	-	-	-	-	**(108,061)**	**(108,061)**	**(6,799)**	**(114,860)**
Other comprehensive income	-	-	-	**12,920**	-	-	**12,920**	**1,144**	**14,064**
Total comprehensive income	-	-	-	**12,920**	-	**(108,061)**	**(95,141)**	**(5,655)**	**(100,796)**
Balance at 31 December 2013	**373,264**	**710,477**	**(251,428)**	**117,429**	**31,947**	**(696,413)**	**285,276**	**34,441**	**319,717**

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013 but is extracted from those financial statements.

These consolidated 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 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 measurement basis used in the preparation of the financial statements is the historical cost basis.

1. Basis of preparation (continued)

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

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

2. Turnover and segment reporting

(a) Turnover

The principal activities of the Group are provision of terminal, transshipment, warehousing and storage facilities services for oil and petrochemical products.

Turnover represents port income and storage, warehousing and transshipment income. The amount of each significant category recognised in turnover during the year is as follows:

	2013	2012
	$'000	*$'000*
Storage, warehousing and transshipment income	**214,812**	199,287
Port income	**5,609**	4,732
	220,421	204,019

In 2013, the Group has no customer (2012: one customer) with whom transactions have exceeded 10% of the Group's revenues. In 2012, revenue from provision of storage and transshipment services to this customer, including revenues from entities which are known to the Group to be under common control with this customer, amounted to approximately $22 million.

2. Turnover and segment reporting (continued)

(b) Segment reporting

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

- Xiao Hu Island Terminal ("XHIT"): this segment represents the Group's provision of terminal, transshipment, warehousing and storage activities carried out in Panyu, the PRC.

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

(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 bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in subsidiaries and other corporate assets. Segment liabilities include other payables and accruals attributable to the individual segments and bank borrowings managed directly by the segments.

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

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

In addition to receiving segment information concerning profit/(loss) before taxation, management is provided with segment information concerning revenue, interest income and finance costs.

2. Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

	XHIT		*DZIT*		*Total*	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**104,355**	100,694	**116,066**	103,325	**220,421**	204,019
Reportable segment loss before taxation	**(5,075)**	(789)	**(79,087)**	(89,766)	**(84,162)**	(90,555)
Interest income	**580**	559	**89**	174	**669**	733
Finance costs	**14,580**	13,363	**66,185**	66,556	**80,765**	79,919
Reportable segment assets	**1,493,290**	1,524,785	**1,315,249**	1,358,132	**2,808,539**	2,882,917
Reportable segment liabilities	**1,395,808**	1,412,931	**1,039,253**	1,012,611	**2,435,061**	2,425,542

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

	2013	2012
	$'000	*$'000*
Revenue		
Reportable segment revenue	**220,421**	204,019
Consolidated turnover (note 2(a))	**220,421**	204,019
Loss		
Reportable segment loss before taxation	**(84,162)**	(90,555)
Unallocated other net income	**307**	142
Unallocated head office and corporate expenses	**(31,589)**	(34,195)
Consolidated loss before taxation	**(115,444)**	(124,608)

2. Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

	2013	2012
	$'000	*$'000*
Assets		
Reportable segment assets	**2,808,539**	2,882,917
Elimination of inter-segment receivables	**(1,017,897)**	(988,019)
	1,790,642	1,894,898
Unallocated head office and corporate assets	**40,906**	12,481
Consolidated total assets	**1,831,548**	1,907,379
Liabilities		
Reportable segment liabilities	**2,435,061**	2,425,542
Elimination of inter-segment payables	**(1,017,897)**	(988,019)
	1,417,164	1,437,523
Unallocated head office and corporate liabilities	**94,667**	49,343
Consolidated total liabilities	**1,511,831**	1,486,866

3. Other net (loss)/ income

	2013	2012
	$'000	*$'000*
Interest income	**672**	755
Government grants	**1,033**	1,035
Losses on disposal of property, plant and equipment	**(1,576)**	(131)
Net foreign exchange loss	**(1,386)**	(201)
Others	**992**	1,570
	(265)	3,028

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2013 $'000	2012 $'000
(a) Finance costs:		
Interest on bank loans	**80,855**	80,071
(b) Staff costs*		
Contributions to defined contribution retirement plan	**2,606**	2,347
Salaries, wages and other benefits	**54,891**	51,313
Total staff costs	**57,497**	53,660
(c) Other items		
Amortisation		
- land lease premium	**7,646**	7,560
- intangible assets	**203**	203
Depreciation	**123,737**	119,625
Auditor's remuneration		
- audit services	**1,358**	1,320
- review services	**380**	380
Operating lease charges on properties*	**7,796**	7,968

* Staff costs include $1,800,000 (2012: $1,800,000) 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) Income tax in the consolidated income statement represents:

	2013	2012
	$'000	*$'000*
Deferred tax – origination and reversal of temporary differences	**(584)**	(573)

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2013 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2012: Nil).

(ii) No PRC Enterprise Income Tax was provided for the year ended 31 December 2013 as the Group sustained a loss for PRC Enterprise Income Tax purposes for the year (2012: Nil).

The applicable tax rate of the PRC subsidiaries for the year ended 31 December 2013 was 25% (2012: 25%).

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

	2013	2012
	$'000	*$'000*
Loss before taxation	**(115,444)**	(124,608)
Notional tax on loss before tax, calculated at the rates applicable in the tax jurisdictions concerned	**(26,333)**	(28,400)
Tax effect of non-deductible expenses	**1,287**	2,563
Tax effect of non-taxable income	**(50)**	(29)
Tax effect of unused tax losses not recognised	**24,480**	25,230
Others	**32**	63
Actual tax credit	**(584)**	(573)

6. Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $108,061,000 (2012: $116,713,000) and the weighted average of 3,732,638,000 ordinary shares (2012: 3,732,638,000 ordinary shares) in issue during the year.

The diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2012 and 2013.

7. Fixed assets

	Buildings $'000	Dock and storage facilities $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvement $'000	Sub-total $'000	Interests in land held for own use under operating leases $'000	Total fixed assets $'000
Costs:								
At 1 January 2013	53,593	1,896,936	6,727	20,635	149	1,978,040	316,377	2,294,417
Exchange adjustments	1,677	59,240	190	595	-	61,702	9,899	71,601
Additions	-	819	693	-	1,899	3,411	-	3,411
Disposals	-	(10,711)	(453)	-	(156)	(11,320)	-	(11,320)
At 31 December 2013	55,270	1,946,284	7,157	21,230	1,892	2,031,833	326,276	2,358,109
Accumulated depreciation and amortisation:								
At 1 January 2013	9,949	488,292	3,737	12,740	149	514,867	36,273	551,140
Exchange adjustments	339	17,049	104	399	-	17,891	1,258	19,149
Charge for the year	1,744	118,589	818	2,560	26	123,737	7,646	131,383
Written back on disposals	-	(8,249)	(442)	-	(156)	(8,847)	-	(8,847)
At 31 December 2013	12,032	615,681	4,217	15,699	19	647,648	45,177	692,825
Net book value:								
Balance at 31 December 2013	**43,238**	**1,330,603**	**2,940**	**5,531**	**1,873**	**1,384,185**	**281,099**	**1,665,284**
Balance at 31 December 2012	43,644	1,408,644	2,990	7,895	-	1,463,173	280,104	1,743,277

The Group was granted the rights to use the land by the PRC authorities with lease terms of 50 years. The net book value as at 31 December 2013 includes an amount of $7,823,000 (2012: $7,587,000) which is disclosed as interest in land held for own use under operating leases under current assets.

8. Trade and other receivables

	2013 *$'000*	2012 *$'000*
Trade debtors and bills receivable	**153,627**	139,939
Less: Allowance for doubtful debts (note 8(b))	**(122,122)**	(118,417)
	31,505	21,522
Prepayments and other receivables	**11,912**	14,259
	43,417	35,781

The amount of the Group's prepayments and other receivables expected to be recovered or recognised as expense after more than one year is $920,000 (2012: $345,000). Apart from these, the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

8. Trade and other receivables (continued)

(a) Ageing analysis

As at balance sheet date, the ageing analysis of trade debtors and bills receivable based on the invoice date and net of allowance for doubtful debts is as follows:

	2013	2012
	$'000	*$'000*
Within 1 month	**23,787**	17,925
Over 1 month but within 2 months	**2,213**	2,038
Over 2 months but within 3 months	**5,505**	1,559
	31,505	21,522

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) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

A PRC subsidiary of the Company and SINOPEC Guangdong Oil Products Company (the "Lessee") entered into an oil storage tanks lease agreement (the "Lease Agreement") in 2004. During the year ended 31 December 2011, a request was made by the Lessee for its unilateral termination of the Lease Agreement since 1 July 2011 because of changes in the Lessee's business operating conditions.

In this connection, the Group has ceased to recognise revenue from the Lease Agreement since 1 July 2011. Further, there is accrued rental income receivable arising from initial rent free period of the Lease Agreement (included within trade receivables) of RMB90,795,000 (equivalent to $115,486,000). As it is uncertain that the Lease Agreement will continue to be executed for the remaining lease term, full impairment loss was recognised on the accrued rental income receivable during the year ended 31 December 2011. Apart from the accrued rental income receivable, the Group did not have other outstanding receivables due from the Lessee at 31 December 2012 and 2013.

The movement in the allowance for doubtful debts during the year is as follows:

	2013	2012
	$'000	*$'000*
At 1 January	**118,417**	118,431
Exchange adjustment	**3,705**	(14)
At 31 December	**122,122**	118,417

8. Trade and other receivables (continued)

(b) Impairment of trade debtors and bills receivable (continued)

At 31 December 2013, the Group's trade debtors and bills receivable of $122,122,000 (2012: $118,417,000) were individually determined to be impaired, of which $6,636,000 (2012: $6,435,000) related to customers that were in financial difficulties and management assessed that the receivables were not expected to be recovered. In addition, specific allowance for doubtful debts of $115,486,000 (2012: $111,982,000) was recognised as at 31 December 2013 in respect of accrued rental income receivable in relation to the Lease Agreement, which the Lessee requested to terminate since 1 July 2011.

On 11 June 2012, the Group has applied for an arbitration to the Guangzhou Arbitration Commission (the "Arbitration Commission") in accordance with the specific terms and conditions of the Lease Agreement in respect of the unilateral termination of the Lease Agreement by the Lessee. By 31 December 2013, the Arbitration Commission did not make any conclusion. However, subsequent to the end of the reporting period, the Group received an arbitration award from the Arbitration Commission, further details of which have been set out in note 11.

9. Bank loans

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

	2013	2012
	$'000	*$'000*
Current liabilities		
Short-term bank loans	**27,839**	49,267
Long-term bank loans repayable on demand	**600**	3,000
	28,439	52,267
Non-current liabilities		
Long-term bank loans	**1,210,887**	1,174,149
	1,239,326	1,226,416

9. Bank loans (continued)

(b) At 31 December 2013, according to the original repayment schedules, the bank loans were repayable as follows:

	2013	2012
	$'000	*$'000*
Within 1 year or on demand	**27,839**	49,267
After 1 year but within 2 years	**64,197**	2,400
After 2 years but within 5 years	**198,423**	188,069
After 5 years	**948,867**	986,680
	1,211,487	1,177,149
	1,239,326	1,226,416

(c) At 31 December 2013, the bank loans were secured as follows:

	2013	2012
	$'000	*$'000*
Bank loans		
- secured	**1,236,326**	1,221,016
- unsecured	**3,000**	5,400
	1,239,326	1,226,416

(d) At 31 December 2013, the Group had banking facilities totalling $1,639,987,000 (2012: $1,461,773,000), of which $1,636,987,000 (2012: $1,455,353,000) were secured by certain of the Group's fixed assets with net book value of $1,393,779,000 as at 31 December 2013 (2012: $1,325,542,000) and certain of the Group's future operating lease receivables. The banking facilities were utilised to the extent of $1,236,326,000 as at 31 December 2013 (2012: $1,221,016,000).

(e) The Group's unsecured banking facilities of $3,000,000 as at 31 December 2013 (2012: $5,400,000) are subject to the fulfilment of covenants relating to the Group's net worth (defined as the net asset of the Group less intangible assets, non-controlling interests and dividend declared) as well as minimum shareholding of the controlling shareholder of the Company, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. At 31 December 2013, the Group was in breach of the covenants relating to the Group's net worth and the bank loan drawn down of $3,000,000 is repayable at the bank's sole discretion. In addition, the abovementioned banking facilities contain clauses which give the lender the right as its sole discretion to demand immediate repayment at anytime irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. The entire loan drawn under the said banking facilities has been fully repaid in January 2014.

10. Amounts due to related parties

The amounts due to related parties are unsecured, interest-free and with no fixed terms of repayment.

The related parties have confirmed that they have no intention to request repayment within twelve months from the balance sheet date and accordingly, the balances are shown as non-current.

11. Non-adjusting event after the reporting period

After the balance sheet date, the Group received an arbitration award dated 5 March 2014 (the "Arbitration Award") from the Arbitration Commission, details of which are as follows:

- the Lease Agreement and a supplemental agreement to the Lease Agreement entered into between the Group and the Lessee be terminated;
- the Lessee shall pay the Group a default payment of RMB607,320,000 (equivalent to $772,475,000);
- the Group shall refund to the Lessee the rental of oil storage tanks of RMB21,786,000 (equivalent to $27,711,000);
- the other claims made by the Group be rejected;
- the other counterclaims made by the Lessee be rejected; and
- the arbitration fee for the claims made by the Group amounted to RMB4,982,000 (equivalent to $6,336,000), which shall be borne by the Group as to RMB996,000 (equivalent to $1,267,000) and by the Lessee as to RMB3,986,000 (equivalent to $5,069,000). The arbitration fee for the counterclaims made by the Lessee amounted to RMB9,559,000 (equivalent to $12,159,000), which shall be borne by the Group as to RMB956,000 (equivalent to $1,216,000) and by the Lessee as to RMB8,603,000 (equivalent to $10,943,000).

The Arbitration Commission ordered that an one-off payment of the net amount of the above awards (being the gross amount payable by the Lessee to the Group off-setting the gross amount payable by the Group to the Lessee pursuant to the Arbitration Award) be paid by the Lessee to the Group within ten days from the date of the Arbitration Award being served, and the Arbitration Award shall have legal effect from the date when the Arbitration Award was made.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The operational results of the two liquid product terminals of the Group operating in Panyu ("XHIT") and Dongguan ("DZIT") plus the warehouse and logistic centre for solid chemical products located in Panyu (the "Solid Warehousing Centre") continuously performed with remarkable improvements during the year. The results were as follows:

Operational statistics	XHIT 2013	2012	Change %	DZIT 2013	2012	Change %
Liquid product terminal, storage and transshipment services						
Number of vessels visited						
- foreign	**187**	194	-3.6	**136**	94	+44.7
- domestic	**314**	202	+55.4	**212**	125	+69.6
Number of trucks served to pick up cargoes	**13,209**	14,389	-8.2	**24,762**	18,016	+37.4
Number of drums filled	**51,089**	47,405	+7.8	**1,895**	1,563	+21.2
Transshipment volume (metric ton)						
- oils	**-**	-	-	**91,969**	9,933	+825.9
- petrochemicals	**170,389**	149,899	+13.7	**23,905**	26,621	-10.2
Port jetty throughput (metric ton)	**865,803**	675,922	+28.1	**1,342,917**	620,262	+116.5
Tank farm throughput (metric ton)	**1,170,068**	961,080	+21.7	**2,062,161**	1,130,379	+82.4
Solid chemical warehousing services						
Floor area leased out (m^2)	**26,800**	24,100	+11.2	**N/A**	N/A	N/A
Cargoes received (metric ton)	**85,262**	81,453	+4.7	**N/A**	N/A	N/A
Cargoes issued (metric ton)	**90,390**	76,967	+17.4	**N/A**	N/A	N/A

LIQUID PRODUCT TERMINAL BUSINESS

XHIT

The operational performances in XHIT continuously improved during 2013. Port jetty throughput and tank farm throughput increased by 28.1% and 21.7% respectively on a year on year basis. Transshipment volume, total number of vessels visited, and number of drums filled also increased. The major reason of the improvements was the introduction of new clients. However, the number of trucks served to pick up cargoes decreased by 8.2% on a year on year basis as some clients picked up their cargoes by vessel instead of by truck. Apart from some fuel oil tanks, which are under revamping, the average utilization rate of chemical tanks reached 93% in 2013, an increase of 3 percentage points on a year on year basis.

DZIT

DZIT started to leverage its capabilities and market influence during 2013 after over a year operations. Major operational statistics achieved a significant increase in 2013. Port jetty throughput and tank farm throughput increased by 116.5% and 82.4% respectively on a year on year basis. The Company tried its best to tap into market potentials and to expand its oil and chemical storage volume. Meanwhile, it proactively diversified its value added services to improve its transshipment business with the help of spare capacity from jetties. In 2013, transshipment volume reached approximately 116,000 metric tons, representing an increase of 217% on a year on year basis. The yearly average utilization rate of tank farm reached approximately 82% in 2013, an increase of 7 percentage points on a year on year basis.

SOLID CHEMICAL WAREHOUSING BUSINESS

As for the solid chemical warehousing business, cargoes received and issued realized an increase of 4.7% and 17.4% in 2013 respectively as compared with last year. In 2013, the average floor areas leased out increased by 11.2% on a year on year basis accordingly.

Operating financials

The Group's reportable segments represent XHIT and DZIT. The breakdown of turnovers of XHIT and DZIT are as follows:

	XHIT				**DZIT**			
	2013		2012		**2013**		2012	
	HK$'000	***%***	*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
Terminal, storage and transshipment income	75,115	72.0	76,048	75.5	113,742	98.0	101,870	98.6
Port income	3,285	3.1	3,277	3.3	2,324	2.0	1,455	1.4
Solid chemical warehousing income	25,955	24.9	21,369	21.2	N/A	N/A	N/A	N/A

XHIT

The turnover of XHIT (excluding Solid Warehousing Centre) was HK$78.4 million in 2013, representing a decrease of 1.2% compared with same period of last year. Income from oil storage and chemical storage dropped by 2.7% and 2.4% respectively on a year on year basis, due to keen market competitions, resulting in decrease of storage rates. Income from transshipment service increased by 10.0%, while port income kept flat with 2012.

The revenue from Solid Warehousing Centre operations continued to improve in 2013. The turnover reached approximately HK$26.0 million, representing an increase of 21.5% and contributing 24.9% revenue to XHIT. The average lease out rate reached 82.0% in 2013, compared with 74.7% in 2012.

DZIT

The turnover of DZIT reached HK$116.1 million in 2013, representing an increase of 12.3% compared with same period of last year. Income from storage, transshipment service and port operation all increased significantly. In particularly, income from transshipment service reached HK$1.1 million in 2013 from HK$0.2 million in 2012, reflecting the significant improvement of port operation.

OUTLOOK

The Group sees 2014 as a year with both opportunities and challenges. China's economy is entering into an era of structural reform, thus is expected to grow in a slower than earlier years' pace, which logically results in moderate demand growth for oil and chemical products and limited market expansion for our business. Chinese government will implement relatively tight monetary policy with lower liquidity in capital markets. However, it is widely expected that the Guangdong-Hong Kong-Macau free trade zone will be established in the second half of 2014, and we, being the leading international logistics centre in the region, will probably tap into the benefits under such establishment. Besides, the hot topic on liberalization of oil product imports is under discussion recently. Once the liberalization is realized into actual policies, the potential of our oil terminals will greatly boost our business growth.

• Liquid Product Terminal Business

Based on the analysis of macro market circumstances as well as our internal situation, the Group has already set up clear strategies to develop our future business. First of all, we are going to fully leverage our existing facilities and improve the efficiency and utilization of our assets. Meanwhile, with best effort, we will expand our value added services including transshipment and blending of products in accordance with demand and requirements of our clients. In addition, due to the shrinking market of domestic fuel oil demand, we will gradually revamp the existing fuel oil tanks to light oil or chemical tanks. Some 80,000 cubic meter fuel tanks have already been converted in 2013. We shall continue the process for remaining tanks in 2014. Secondly, we will proactively pursue to utilize our spare port capacity and reserved land in DZIT. The current storage capacity of DZIT is still far from fully utilizing the maximum port capacity. Through the cooperations with our customers for tailor-made new storage tanks and services, these precious resources become our sources of future business growth and will bring tremendous return the Group. Thirdly, the Group will take various measures to reduce cost, in particular, finance cost. Lastly, we will try every effort to expand our business scopes and look for some new business areas, such as building services stations in some strategic locations, in order to extend our business chain to downstream and to realize business integration.

In relation to the strategies, the Company layed down specific production targets to our operation team, including but not limited to jetty throughput, storage utilization, transshipment handling volume, as well as value added services etc., and formulated detailed work plans so as to effectively implement the above strategies and achieve targets.

With the efforts of all the employees, we are confident that the Company would turn around its results and return its shareholders in the coming years.

• Solid Warehousing Centre

After commencement of operation for two years, the Group's solid warehousing centre business continued to improve its performance. In 2014, we maintain the provision of quality services, expand customer base, and especially introduce high-end renowned multinational companies to land on our Centre to expand its market share. We expect that the business will realize stable growth in the future.

FINANCIAL REVIEW

	2013	2012	Changes
	HK$'000	*HK$'000*	%
Turnover	**220,421**	204,019	+8.0
Turnover less direct costs and operating expenses	**24,875**	11,490	+116.5
Loss before interest and tax ("LBIT")	**(34,589)**	(44,537)	-22.3
Loss attributable to equity shareholders of the Company	**(108,061)**	(116,713)	-7.4
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**96,997**	82,851	+17.1
Gross margin	**11.3%**	5.6%	+101.8
Net loss margin	**(52.1%)**	(60.8%)	-14.3
Basis loss per share (HK cents)	**(2.90)**	(3.13)	-7.3
Diluted loss per share (HK cents)	**(2.90)**	(3.13)	-7.3

The Group's financial performances improved during 2013. The Group's turnover reached to HK$220.4 million during the year, representing an increase of 8.0% on a year on year basis. Nevertheless, the turnover of XHIT was HK$78.4 million during the year, representing a slight decrease of 1.2% over the same period of last year. Solid Warehousing Centre and DZIT generated turnover of HK$26.0 million and HK$116.1 million respectively to the Group in 2013, representing an increase of 21.5% and 12.3% respectively on a year on year basis. The increase in total turnover was attributable to the rental income from oil tanks resumed from Sinopec by XHIT and higher capacity utilization in Solid Warehousing Centre and DZIT in 2013. The gross operating profit increased significantly by 116.5% from HK$11.5 million to HK$24.9 million and the gross margin improved from 5.6% to 11.3% due to higher turnover resulted from higher utilization rate during the year of 2013. LBIT for the year was HK$34.6 million (2012: HK$44.5 million) and EBITDA for the year was HK$97.0 million (2012: HK$82.9 million). Besides, the loss attributable to equity shareholders of the Company reduced to HK$108.1 million as compared to HK$116.7 million last year that was due to increase in turnover for 2013. The basic and diluted loss per share for the year were 2.90 Hong Kong cents (2012: basic and diluted loss per share of 3.13 Hong Kong cents).

Capital structure, liquidity and gearing

The Group's financial position remained stable. As at 31 December 2013, the Group's total cash and cash equivalents amounted to approximately HK$57.0 million (2012: HK$73.6 million). Most of the funds were held in Hong Kong dollar, Renminbi yuan ("RMB") and US dollar.

As at 31 December 2013, the Group's current ratio was 1.72 (2012: 1.29). The change in ratio was mainly attributable to the operating cashflow generated and reduction of bank loan repayable within one year during the year. The Group's gearing ratio (defined as total liabilities to total equity) as at 31 December 2013 was 4.73 (2012: 3.54). The increase was attributable to the reduction of shareholder's equity in respect of the loss incurred during the year.

Financial resources

The current cash reserves and recurrent operating cash flow is sufficient for the daily requirements for current operations. The Group has successfully arranged external bank loan financing and advance from related parties to support the new businesses, settlement of the construction costs of the Solid Warehousing Centre and DZIT. 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$1,239 million as at 31 December 2013 (2012: HK$1,226 million). During the year ended 31 December 2013, the finance cost charged to profit or loss was approximately HK$80.9 million (2012: HK$80.1 million).

Taxation

The Group sustained a loss for Hong Kong Profits Tax purposes for the year. The Group's PRC subsidiaries sustained a loss for PRC Enterprise Income Tax purposes for the year.

Exposure to fluctuation in exchanges rate and related hedge

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

Charge on group assets

The Group has provided the Lender with certain of the Group's fixed assets and certain future non-cancellable operating lease receivables as collaterals for the banking facilities granted.

Capital commitment

At 31 December 2013, the Group had capital expenditure contracted for but not provided in the financial statements in respect of terminal development and acquisition of port and storage facilities amounted to HK$22 million (2012: HK$21 million).

At 31 December 2013, the Group had capital expenditure not contracted for but approved by the board and not provided in the financial statements in respect of terminal development and acquisition of port and storage facilities amounted to approximately HK$149 million (2012: HK$145 million).

Contingent liabilities

As at the balance sheet date, the Company has issued guarantees to banks in respect of banking facilities granted to its subsidiaries. The directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantee is the amount of the facilities drawn down by the subsidiaries that are covered by the guarantees of HK$3.0 million (2012: HK$5.4 million). Subsequent to the balance sheet date, all the loans drawn under the said banking facilities has been fully repaid and the guarantees will be cancelled after a retention period considered by the bank, which is normally six months.

The Company has not recognised any deferred income in respect of the guarantees as its fair value cannot be reliably measured using observable market data and its transaction price was HK$Nil (2012: HK$Nil).

Final dividend

The directors do not recommend any final dividend for the year ended 31 December 2013 (2012: 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 ("Code Provisions") set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"). The Company has complied with the CG Code except for the deviations from Code Provisions A.2.1, A.4.1, A.6.7 and E.1.2 which deviations are explained below.

Code Provision A.2.1 stipulates that the roles of the Chairman and Chief Executive should be separate and should not be performed by the same individual. The Company supports the division of responsibility to ensure the balance of power and authority. However, in view of the fact that the Group's core business is carried out singularly by the PRC subsidiaries, and that the Chief Operating Officer, China (de facto Chief Executive), who managed the core business, is a separate person, the Board considers there is no necessity to separate the Chief Executive at the Group level.

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors (save for Miss Cheung Siu Yuen, Rose) of the Company do not have a specific term of appointment. However, all directors of the Company are subject to retirement by rotation at least once every three years pursuant to article 116 of the Company's articles of association.

The Company has the deviations from Code Provision A.6.7 and E.1.2 as the Chairman and some of the directors were unable to attend the last annual general meeting held on 22 May 2013 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 2013.

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

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group had a workforce of approximately 450 (2012: 440) employees, 436 (2012: 430) of which worked for the terminals. 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.

REVIEW OF ANNUAL RESULTS

The Group’s annual results for the year ended 31 December 2013 has been reviewed by the Audit Committee of the Company.

Scope of work of KPMG

The figures in respect of the announcement of the Group’s results for the year ended 31 December 2013 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement of the annual results for the year ended 31 December 2013 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hansenergy.com). The 2013 annual report of the Company will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

On behalf of the Board
David An
Chairman

Hong Kong, 25 March 2014

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. Chan Chun Wai, Tony and Miss Cheung Siu Yuen, Rose.

website : www.hansenergy.com