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 2014

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 2014 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Turnover	*2*	**211,506**	220,421
Direct costs and operating expenses		**(193,478)**	(195,546)
		18,028	24,875
Other net income/(loss)	*3*	**3,427**	(265)
Administrative expenses		**(57,781)**	(59,199)
Loss from operations		**(36,326)**	(34,589)
Finance costs	*4(a)*	**(79,165)**	(80,855)
Loss before taxation	*4*	**(115,491)**	(115,444)
Income tax	*5(a)*	**125**	584
Loss for the year		**(115,366)**	(114,860)
Attributable to:			
Equity shareholders of the Company		**(108,814)**	(108,061)
Non-controlling interests		**(6,552)**	(6,799)
Loss for the year		**(115,366)**	(114,860)
Loss per share	*6*		
− basic		**(2.92 cents)**	(2.90 cents)
− diluted		**(2.92 cents)**	(2.90 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
(Expressed in Hong Kong dollars)

	2014	2013
	$'000	*$'000*
Loss for the year	**(115,366)**	(114,860)
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	**(1,572)**	14,064
Total comprehensive income for the year	**(116,938)**	(100,796)
Attributable to:		
Equity shareholders of the Company	**(110,241)**	(95,141)
Non-controlling interests	**(6,697)**	(5,655)
Total comprehensive income for the year	**(116,938)**	(100,796)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014
(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Non-current assets			
Fixed assets	*7*		
− Property, plant and equipment		**1,269,767**	1,384,185
− Interests in land held for own use under operating leases		**265,848**	273,276
Prepayments for construction costs		**21,558**	27,399
Intangible assets		**2,208**	2,413
		1,559,381	1,687,273
Current assets			
Interest in land held for own use under operating leases	*7*	**7,145**	7,823
Consumable parts		**16,463**	16,881
Trade and other receivables	*8*	**62,680**	43,417
Current tax recoverable		**18,630**	19,161
Cash and cash equivalents		**46,032**	56,993
		150,950	144,275
Current liabilities			
Other payables and accruals		**59,182**	55,465
Bank loans	*9*	**63,380**	28,439
		122,562	83,904
Net current assets		**28,388**	60,371
Total assets less current liabilities		**1,587,769**	1,747,644
Non-current liabilities			
Deferred tax liabilities		**5,663**	6,276
Bank loans	*9*	**1,143,366**	1,210,887
Amounts due to related parties	*10*	**235,961**	210,764
		1,384,990	1,427,927
Net assets		**202,779**	319,717
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**(198,229)**	(87,988)
Total equity attributable to equity shareholders of the Company		**175,035**	285,276
Non-controlling interests		**27,744**	34,441
Total equity		**202,779**	319,717

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(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 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 and 1 January 2014	**373,264**	**710,477**	**(251,428)**	**117,429**	**31,947**	**(696,413)**	**285,276**	**34,441**	**319,717**
Changes in equity for 2014:									
Loss for the year	-	-	-	-	-	**(108,814)**	**(108,814)**	**(6,552)**	**(115,366)**
Other comprehensive income	-	-	-	**(1,427)**	-	-	**(1,427)**	**(145)**	**(1,572)**
Total comprehensive income	-	-	-	**(1,427)**	-	**(108,814)**	**(110,241)**	**(6,697)**	**(116,938)**
Balance at 31 December 2014	**373,264**	**710,477**	**(251,428)**	**116,002**	**31,947**	**(805,227)**	**175,035**	**27,744**	**202,779**

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 2014 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 Group expects to incur non-operating cash outflows of $137,917,000 within one year, being repayment of bank loans of $63,380,000 and interest payable of $74,537,000. The Group will be unable to meet these liabilities in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or other sources, since as at 31 December 2014, the group only had cash and cash equivalents of $46,032,000.

In this regard, the directors have identified various initiatives to address the group's liquidity needs, which include:

- implementing various strategies to improve the Group's storage, warehousing and transhipment income to generate additional operating cash inflows;
- putting extra efforts on the collection of trade debtors to improve the debtors turnover days; and
- actively and regularly reviewing its capital structure and sourcing additional capital by issuing bonds or new shares, where appropriate.

In addition, as disclosed in note 8(b), in March 2014 the Group received an arbitration award from the Guangzhou Arbitration Commission which ordered that a one-off payment of the net amount of the award of approximately RMB589 million (equivalent to $749 million) be paid by the lessee to the Group. Should the arbitration award be fully executed, the Group will have additional cash inflow of approximately RMB589 million (equivalent to $749 million).

As part of its going concern assessment, the Group has carried out a review of its cash flow forecast and concluded that material uncertainties exist regarding the Group's ability to successfully implement the above initiatives and therefore the achievability of the forecast. In particular, the recovery of the arbitration award is uncertain as the lessee has applied to the court to revoke the arbitration award. As disclosed in note 8(b), the court has accepted the lessee's application, however the outcome of the court case is still uncertain as the court has not yet rendered a ruling on the lessee's application up to the date of this announcement.

These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the directors' intentions and the cash flow forecast mentioned above, the directors are of the opinion that it is appropriate to prepare the Group's financial statements for the year ended 31 December 2014 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these financial statements.

1. Basis of preparation (continued)

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The adoption of these amendments does not result in a significant impact on the Group's result of operations and financial position for current or comparative periods nor any significant change in the Group's accounting policies.

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, storage, warehousing and transshipment 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:

	2014	2013
	$'000	*$'000*
Storage, warehousing and transshipment income	**206,686**	214,812
Port income	**4,820**	5,609
	211,506	220,421

In 2014, the Group has one customer (2013: Nil) with whom transactions have exceeded 10% of the Group's revenues. In 2014, 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 $24 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, storage, warehousing and transshipment 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, storage and transshipment 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)

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 2014 and 2013 is set out below.

	XHIT		*DZIT*		*Total*	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**104,094**	104,355	**107,412**	116,066	**211,506**	220,421
Reportable segment profit/(loss) before taxation	**2,980**	(5,075)	**(86,734)**	(79,087)	**(83,754)**	(84,162)
Interest income	**146**	580	**91**	89	**237**	669
Finance costs	**13,592**	14,580	**65,550**	66,185	**79,142**	80,765
Reportable segment assets	**1,475,931**	1,493,290	**1,245,754**	1,315,249	**2,721,685**	2,808,539
Reportable segment liabilities	**1,355,950**	1,395,808	**1,057,807**	1,039,253	**2,413,757**	2,435,061

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

	2014	2013
	$'000	*$'000*
Revenue		
Reportable segment revenue	**211,506**	220,421
Consolidated turnover (note 2(a))	**211,506**	220,421
Loss		
Reportable segment loss before taxation	**(83,754)**	(84,162)
Unallocated other net income	**75**	307
Unallocated head office and corporate expenses	**(31,812)**	(31,589)
Consolidated loss before taxation	**(115,491)**	(115,444)

2. Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

	2014	2013
	$'000	*$'000*
Assets		
Reportable segment assets	**2,721,685**	2,808,539
Elimination of inter-segment receivables	**(1,031,709)**	(1,017,897)
	1,689,976	1,790,642
Unallocated head office and corporate assets	**20,355**	40,906
Consolidated total assets	**1,710,331**	1,831,548
Liabilities		
Reportable segment liabilities	**2,413,757**	2,435,061
Elimination of inter-segment payables	**(1,031,709)**	(1,017,897)
	1,382,048	1,417,164
Unallocated head office and corporate liabilities	**125,504**	94,667
Consolidated total liabilities	**1,507,552**	1,511,831

(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 fixed assets, intangible assets, non-current prepayments ("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		*Specified non-current assets*	
	2014	2013	**2014**	2013
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**-**	-	**3,606**	4,318
PRC (excluding Hong Kong)	**211,506**	220,421	**1,555,775**	1,682,955
	211,506	220,421	**1,559,381**	1,687,273

3. Other net income/(loss)

	2014	2013
	$'000	*$'000*
Interest income	**368**	672
Government grants	**1,177**	1,033
Loss on disposal of property, plant and equipment	**(104)**	(1,576)
Net foreign exchange loss	**(21)**	(1,386)
Others	**2,007**	992
	3,427	(265)

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2014	2013
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans	**79,165**	80,855
(b) Staff costs*		
Contributions to defined contribution retirement plans	**2,455**	2,606
Salaries, wages and other benefits	**57,577**	54,891
Total staff costs	**60,032**	57,497
(c) Other items		
Amortisation		
– land lease premium	**7,114**	7,646
– intangible assets	**204**	203
Depreciation	**119,695**	123,737
Auditor's remuneration		
– audit services	**1,358**	1,358
– review services	**380**	380
Operating lease charges on properties*	**4,396**	7,796

* Staff costs include $1,800,000 (2013: $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:

	2014	2013
	$'000	*$'000*
Current tax – PRC Enterprise Income Tax for the year	**463**	-
Deferred tax – origination and reversal of temporary differences	**(588)**	(584)
	(125)	(584)

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2014 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2013: Nil).

(ii) The applicable tax rate of the PRC subsidiaries for the year ended 31 December 2014 was 25% (2013: 25%).

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

	2014	2013
	$'000	*$'000*
Loss before taxation	**(115,491)**	(115,444)
Notional tax on loss before tax, calculated at the rates applicable in the tax jurisdictions concerned	**(26,039)**	(26,333)
Tax effect of non-deductible expenses	**1,753**	1,287
Tax effect of non-taxable income	**(21)**	(50)
Tax effect of unused tax losses not recognised	**24,288**	24,480
Others	**(106)**	32
Actual tax credit	**(125)**	(584)

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 $108,814,000 (2013: $108,061,000) and the weighted average of 3,732,638,000 ordinary shares (2013: 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 2014 and 2013.

7. Fixed assets

	Buildings $'000	Dock and storage facilities $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Sub-total $'000	Interests in land held for own use under operating leases $'000	Total fixed assets $'000
Costs:								
At 1 January 2014	55,270	1,946,284	7,157	21,230	1,892	2,031,833	326,276	2,358,109
Exchange adjustments	(189)	(6,619)	(22)	(70)	-	(6,900)	(1,116)	(8,016)
Additions	-	10,178	81	321	-	10,580	-	10,580
Disposals	-	(106)	(8)	(980)	-	(1,094)	-	(1,094)
At 31 December 2014	55,081	1,949,737	7,208	20,501	1,892	2,034,419	325,160	2,359,579
Accumulated depreciation and amortisation:								
At 1 January 2014	12,032	615,681	4,217	15,699	19	647,648	45,177	692,825
Exchange adjustments	(33)	(1,619)	(10)	(44)	-	(1,706)	(124)	(1,830)
Charge for the year	1,810	114,658	657	2,254	316	119,695	7,114	126,809
Written back on disposals	-	(96)	(7)	(882)	-	(985)	-	(985)
At 31 December 2014	13,809	728,624	4,857	17,027	335	764,652	52,167	816,819
Net book value:								
Balance at 31 December 2014	**41,272**	**1,221,113**	**2,351**	**3,474**	**1,557**	**1,269,767**	**272,993**	**1,542,760**
Balance at 31 December 2013	43,238	1,330,603	2,940	5,531	1,873	1,384,185	281,099	1,665,284

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 2014 includes an amount of $7,145,000 (2013: $7,823,000) which is disclosed as interest in land held for own use under operating leases under current assets.

8. Trade and other receivables

	2014 ***$'000***	2013 *$'000*
Trade debtors	**172,778**	153,627
Less: Allowance for doubtful debts (note 8(b))	**(121,704)**	(122,122)
	51,074	31,505
Prepayments and other receivables	**11,606**	11,912
	62,680	43,417

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 (2013: $920,000). 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 (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts is as follows:

	2014	2013
	$'000	*$'000*
Within 1 month	**23,240**	23,787
Over 1 month but within 2 months	**2,636**	2,213
Over 2 months but within 3 months	**2,300**	5,505
Over 3 months	**22,898**	-
	51,074	31,505

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

Impairment losses in respect of trade debtors 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 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 $115,091,000). 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 2013 and 2014.

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

	2014	2013
	$'000	*$'000*
At 1 January	**122,122**	118,417
Exchange adjustment	**(418)**	3,705
At 31 December	**121,704**	122,122

8. Trade and other receivables (continued)

(b) Impairment of trade debtors (continued)

At 31 December 2014, the Group's trade debtors of $121,704,000 (2013: $122,122,000) were individually determined to be impaired, of which $6,613,000 (2013: $6,636,000) 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 $115,091,000 (2013: $115,486,000) was recognised as at 31 December 2014 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.

On 5 March 2014, the Group received an arbitration award (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 a 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) of RMB589,000,000 (equivalent to $749,000,000) 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.

8. Trade and other receivables (continued)

(b) Impairment of trade debtors (continued)

The above payment has not yet been received from the Lessee. In this connection, the Group filed an application to the Intermediate People's Court of Guangzhou City, Guangdong Province (the "Court") for enforcement of the Arbitration Award by the Lessee on 19 March 2014 and received a notice of acceptance of lawsuit dated 24 March 2014 from the Court.

On 17 April 2014, the Group received a notice of responses to legal proceedings (the "Notice") from the Court. According to the Notice, the Court has accepted the application made by the Lessee for revoking the arbitration ruling made by the Arbitration Commission dated 5 March 2014 (the "Lessee's Application").

There were two court hearings held on 20 May 2014 and 4 September 2014 respectively. On 21 November 2014, the Group filed a submission to the Court requesting the Court to grant a ruling on the Lessee's Application. The latest court hearing was held on 12 December 2014 and the Court has not yet rendered a ruling on the Lessee's Application up to the date to this announcement.

9. Bank loans

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

	2014	2013
	$'000	*$'000*
Current liabilities		
Short-term bank loans	**63,380**	27,839
Long-term bank loans repayable on demand	**-**	600
	63,380	28,439
Non-current liabilities		
Long-term bank loans	**1,143,366**	1,210,887
	1,206,746	1,239,326

(b) At 31 December 2014, according to the original repayment schedules, the bank loans were repayable as follows:

	2014	2013
	$'000	*$'000*
Within 1 year or on demand	**63,380**	27,839
After 1 year but within 2 years	**63,380**	64,197
After 2 years but within 5 years	**266,194**	198,423
After 5 years	**813,792**	948,867
	1,143,366	1,211,487
	1,206,746	1,239,326

9. Bank loans (continued)

(c) At 31 December 2014, the bank loans were secured as follows:

	2014	2013
	$'000	*$'000*
Bank loans		
– secured	**1,206,746**	1,236,326
– unsecured	**-**	3,000
	1,206,746	1,239,326

(d) At 31 December 2014, the Group had banking facilities totalling $1,206,746,000 (2013: $1,639,987,000), of which $1,206,746,000 (2013: $1,636,987,000) were secured by certain of the Group's fixed assets with net book value of $1,280,643,000 as at 31 December 2014 (2013: $1,393,779,000) and certain of the Group's future operating lease receivables. The banking facilities were utilised to the extent of $1,206,746,000 as at 31 December 2014 (2013: $1,236,326,000).

(e) During the year ended 31 December 2014, the Group's unsecured bank loan of $3,000,000 has been fully repaid.

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.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT FROM THE DRAFT FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2014

"*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1(b) to the consolidated financial statements which describes that the Group expects to repay bank loans and interest totalling HK$137,917,000 within one year and consequently, the Group's ability to meet these liquidity requirements depend on its ability to generate sufficient net cash inflows from future operations and/or other sources. Note 1(b) also explains that there is uncertainty about the execution of the arbitration award. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on (i) the Group's ability to generate sufficient cash flows from future operations and/or other sources to meet its liquidity commitments; and (ii) the execution of the arbitration award. Further details are set out in note 1(b). The consolidated financial statements do not include any adjustments that would result should the Group be unable to continue to operate as a going concern."

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") during the year are set forth as follows:

	XHIT			DZIT		
Operational statistics	**2014**	2013	Change %	**2014**	2013	Change %
Liquid product terminal, storage and transshipment services						
Number of vessels visited						
- foreign	**189**	187	+1.1	**114**	136	-16.2
- domestic	**332**	314	+5.7	**211**	212	-0.5
Number of trucks served to pick up cargoes	**18,829**	13,209	+42.5	**30,158**	24,762	+21.8
Number of drums filled	**48,118**	51,089	-5.8	**795**	1,895	-58.0
Transshipment volume (metric ton)						
- oils	**-**	-	-	**106,616**	91,969	+15.9
- petrochemicals	**162,587**	170,389	-4.6	**2,157**	23,905	-91.0
Port jetty throughput (metric ton)	**932,004**	865,803	+7.6	**1,234,680**	1,342,917	-8.1
Tank farm throughput (metric ton)	**1,319,864**	1,170,068	+12.8	**2,020,617**	2,062,161	-2.0
Solid chemical warehousing services						
Floor area leased out (m^2)	**25,104**	26,800	-6.3	**N/A**	N/A	N/A
Cargoes received (metric ton)	**73,095**	85,262	-14.3	**N/A**	N/A	N/A
Cargoes issued (metric ton)	**70,463**	90,390	-22.0	**N/A**	N/A	N/A

LIQUID PRODUCT TERMINAL BUSINESS

XHIT

The operating activities in XHIT continuously improved during 2014. Port jetty throughput and tank farm throughput increased by 7.6% and 12.8% respectively on a year on year basis. The major reason of the improvements was the introduction of new clients, while the existing clients continued to keep their storage volume growth. Although the transshipment volume decreased by 4.6%, number of trucks served to pick up cargoes increased significantly, which was up by 42.5% on a year on year basis as some clients picked up their cargoes by trucks instead of by vessels. Subject to sluggish oil market trading volume, the average utilization of fuel oil tanks still maintained at relatively low level of 16% (2013: 16%) but the average utilization rate of chemical tanks was kept at high of 93% in 2014 (2013: 93%).

DZIT

With the sluggish oil market as well as keen competition set in during the year 2014, the major operational statistics in DZIT were down compared with 2013. Port jetty throughput and tank farm throughput decreased by 8.1% and 2.0% respectively on a year on year basis. The Group 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 utilization of spare capacity from jetties. In 2014, transshipment volume for oils reached approximately 107 thousand metric tons, representing an increase of 15.9% from 2013. The yearly average lease rate of tank farm was approximately 80.7% in 2014, a decrease of about 2 percentage points on a year on year basis.

SOLID CHEMICAL WAREHOUSING BUSINESS

As for the solid chemical warehousing business, cargoes received and issued decreased by 14.3% and 22.0% in 2014 respectively as compared with last year. The average floor areas leased out rate decreased by 4.3% from 82.0% in 2013 to 77.7% in 2014. These operations were mainly impacted by the slowdown economy.

Operating financials

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

	XHIT				**DZIT**			
	2014		2013		**2014**		2013	
	HK$'000	***%***	*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
Terminal, storage and transshipment income	**74,137**	**71.2**	75,115	72.0	**105,824**	**98.5**	113,742	98.0
Port income	**3,232**	**3.1**	3,285	3.1	**1,588**	**1.5**	2,324	2.0
Solid chemical warehousing income	**26,725**	**25.7**	25,955	24.9	**N/A**	**N/A**	N/A	N/A

XHIT

The turnover from the provision of terminal, storage and transshipment for liquid products in XHIT was about HK$77.4 million during the year, representing a decrease of 1.3% compared with the last year. Income from oil and chemical storage dropped by 7.4% and 2.0% respectively on a year on year basis, due to keen market competitions, resulting in decrease in storage lease out rates in 2014. Income from transshipment services decreased by 20.6%, while port income kept flat with 2013.

The revenue from the Solid Warehousing Centre increased slightly by 3.0% compared with the last year. Nevertheless the income from handling services was HK$6.4 million, representing an increase of 21.3% from 2013, the income from solid chemical warehousing income was HK$20.3 million, representing a decrease of 1.8% on a year on year basis.

DZIT

The turnover of DZIT was HK$107.4 million in 2014, representing a decrease of 7.5% compared with last year. Nevertheless the income from transshipment increased by 53.9% to HK$1.7 million in 2014. The oil and chemical storage as well as port income were HK$90.9 million and HK$1.6 million respectively, representing a decrease of 7.5% and 31.7% respectively on a year on year basis. The drop was mainly attributable to the sluggish oil market and keen competition in Dongguan area in 2014.

OUTLOOK

The sluggish economy coupled with the sharp and drastic collapse of international oil prices in second half of 2014 hampered the oil and oil related businesses around the world. The domestic oil trading activities and participants were adversely affected, thus the volume of cargoes flew through the region dropped significantly as a result thereof. The policy changes and economic growth which we previously perceived did not turn out as expected in terms of speed or magnitude. However, with the effort and various measures initiated by the PRC Government in early 2015, we believed the China's economy would grow not as fast as in previous years but in a reasonably stable pace, which would bring in moderate growth in demand for oil and chemical products and flows of liquid cargoes in and out of the region. Furthermore, the establishment of Guangdong-Hong Kong-Macau free trade zone, the liberalization of importation of crude oil and oil products into actual policies, will be the booster of the demand for terminal services and facilities in coming years thus will become the sources of our business growth.

• Liquid Product Terminal Business

Despite the sluggish market conditions and the landsliding international oil prices throughout 2014, we expect improvements in these areas in 2015. PRC domestic economy will grow in a modest pace. Trading activities in terms of volume and frequency will start coming back eventually. The players remain in the arena will gain the benefits of the improved business environment. In this respect, the Group will continue to implement our existing strategies to fully leverage our existing facilities and improve the efficiency and utilization of our assets. Meanwhile, we will expand our value added services including transshipment and blending of products to cater our clients' demand and requirements. We shall proactively utilize our spare port capacity and reserved land in DZIT, in various formats, such as business cooperation with our customers, leasing them with tailor-made new facilities and services, and leasing them certain areas of land to do their own business, etc. Of course, we will continue to find opportunities to diversify our business scopes and look for growth areas.

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

• Solid Warehousing Centre

We will continuously try every effort to expand our market for the Group's solid warehousing centre business in 2015. 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

	2014	2013	Changes
	HK$'000	*HK$'000*	%
Turnover	**211,506**	220,421	-4.0
Turnover less direct costs and operating expenses	**18,028**	24,875	-27.5
Loss before interest and tax ("LBIT")	**(36,326)**	(34,589)	+5.0
Loss attributable to equity shareholders of the Company	**(108,814)**	(108,061)	+0.7
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**90,687**	96,997	-6.5
Gross margin	**8.5%**	11.3%	-24.8
Net loss margin	**(54.5%)**	(52.1%)	+4.6
Basis loss per share (HK cents)	**(2.92)**	(2.90)	+0.7
Diluted loss per share (HK cents)	**(2.92)**	(2.90)	+0.7

In 2014, the Group's turnover was to HK$211.5 million, representing a slight decrease of 4.0% on a year on year basis. Nevertheless, the turnover of Solid Warehousing Centre during the year was HK$26.7 million, representing a slight increase of 3.0% from last year. The increase was mainly attributable to the increase of HK$6.4 million generated from handling services income, representing an increase of 21.3% on a year on year basis. XHIT and DZIT generated turnover of HK$77.4 million and HK$107.4 million respectively to the Group in 2014, representing a decrease of 1.3% and 7.5% respectively. The decrease was mainly attributable to the decrease in overall average lease out rate in 2014 as compared to last year. In this connection, the gross operating profits were HK$18.0 million, down by 27.5% and the gross margin declined from 11.3% in 2013 to 8.5% in 2014. LBIT for the year was HK$36.3 million (2013: HK$34.6 million) and EBITDA for the year was HK$90.7 million (2013: HK$97.0 million). The loss attributable to equity shareholders of the Company was HK$108.8 million, barely remained at the same level as last year. The basic and diluted loss per share for the year slightly increased to 2.92 Hong Kong cents (2013: basic and diluted loss per share of 2.90 Hong Kong cents).

Capital structure, liquidity and gearing

The Group's financial position remained stable. As at 31 December 2014, the Group's total cash and cash equivalents amounted to approximately HK$46.0 million (2013: HK$57.0 million). Most of the funds were held in Hong Kong dollar, Renminbi yuan ("RMB") and US dollar.

As at 31 December 2014, the Group's current ratio was 1.23 (2013: 1.72). The change in ratio was mainly attributable to the increase 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 2014 was 7.43 (2013: 4.73). 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. 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$1,207 million as at 31 December 2014 (2013: HK$1,239 million). During the year ended 31 December 2014, the finance cost charged to profit or loss was approximately HK$79.2 million (2013: HK$80.9 million).

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 2014 was 25% (2013: 25%).

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 2014, 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$20 million (2013: HK$22 million).

At 31 December 2014, 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 (2013: HK$149 million).

Contingent liabilities

As at 31 December 2014, the Group has no material contingent liabilities.

Final dividend

The directors do not recommend any final dividend for the year ended 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE

The Company is committed to a high standard of corporate governance. The Company's corporate governance practices are based on the principles and the code provisions ("Code Provision") as 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 regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code. Throughout the year 2014, the Company has complied with the CG Code except for the deviations from the Code Provisions A.2.1, A.4.1 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 E.1.2 as the Chairman and some of the directors were unable to attend the last annual general meeting held on 19 May 2014 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 2014.

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 2014, the Group had a workforce of approximately 445 employees (2013: 450), 430 (2013: 436) 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 2014 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 2014 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 2014 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hansenergy.com). The 2014 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 2015

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