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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board of Directors (the "Directors") of Hans Energy Company Limited (the "company") announce the unaudited consolidated interim results of the company and its subsidiaries (the "group") for the six months ended 30 June 2015 as follows:

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2015 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2015**	2014
		$'000	*$'000*
Revenue	*3*	**105,435**	109,211
Direct costs and operating expenses		**(94,926)**	(96,438)
		10,509	12,773
Other net income	*4*	**964**	1,478
Administrative expenses		**(32,428)**	(26,911)
Loss from operations		**(20,955)**	(12,660)
Finance costs	*5(a)*	**(37,015)**	(39,373)
Loss before taxation	*5*	**(57,970)**	(52,033)
Income tax	*6*	**251**	295
Loss for the period		**(57,719)**	(51,738)
Attributable to:			
Equity shareholders of the company		**(54,107)**	(48,787)
Non-controlling interests		**(3,612)**	(2,951)
Loss for the period		**(57,719)**	(51,738)
Loss per share	*7*		
Basic		**(1.45 cent)**	(1.31 cent)
Diluted		**(1.45 cent)**	(1.31 cent)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2015 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Loss for the period	**(57,719)**	(51,738)
Other comprehensive income for the period:		
Item that may be reclassified subsequently to consolidated income statement:		
- Exchange differences on translation of financial statements of subsidiaries	**1**	(3,761)
Total comprehensive income for the period	**(57,718)**	(55,499)
Attributable to:		
Equity shareholders of the company	**(54,108)**	(52,228)
Non-controlling interests	**(3,610)**	(3,271)
Total comprehensive income for the period	**(57,718)**	(55,499)

CONSOLIDATED BALANCE SHEET
at 30 June 2015 - unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 $'000	At 31 December 2014 $'000
Non-current assets			
Property, plant and equipment	*8*	**1,209,650**	1,269,767
Interests in land held for own use under operating leases		**262,375**	265,848
Prepayments for construction costs		**21,385**	21,558
Intangible assets		**2,106**	2,208
Deferred tax asset		**19,103**	-
		1,514,619	1,559,381
Current assets			
Interests in land held for own use under operating leases		**7,147**	7,145
Consumable parts		**16,398**	16,463
Trade and other receivables	*9*	**63,355**	62,680
Current tax recoverable		**579**	18,630
Cash and cash equivalents		**40,031**	46,032
		127,510	150,950
Current liabilities			
Other payables and accruals		**48,486**	59,182
Bank loans	*10*	**63,403**	63,380
		111,889	122,562
Net current assets		**15,621**	28,388
Total assets less current liabilities		**1,530,240**	1,587,769
Non-current liabilities			
Deferred tax liabilities		**5,370**	5,663
Bank loans	*10*	**1,143,799**	1,143,366
Amounts due to related parties	*11*	**236,010**	235,961
		1,385,179	1,384,990
Net assets		**145,061**	202,779
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**(252,337)**	(198,229)
Total equity attributable to equity shareholders of the company		**120,927**	175,035
Non-controlling interests		**24,134**	27,744
Total equity		**145,061**	202,779

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the company								
	Share capital *$'000*	**Share premium** *$'000*	**Special reserve** *$'000*	**Translation reserve** *$'000*	**Statutory reserve** *$'000*	**Accumulated losses** *$'000*	**Total** *$'000*	**Non-controlling interests** *$'000*	**Total equity** *$'000*
Balance at 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 the six months ended 30 June 2014:									
Loss for the period	-	-	-	-	-	(48,787)	(48,787)	(2,951)	(51,738)
Other comprehensive income	-	-	-	(3,441)	-	-	(3,441)	(320)	(3,761)
Total comprehensive income	-	-	-	(3,441)	-	(48,787)	(52,228)	(3,271)	(55,499)
Balance at 30 June 2014 and 1 July 2014	373,264	710,477	(251,428)	113,988	31,947	(745,200)	233,048	31,170	264,218
Changes in equity for the six months ended 31 December 2014:									
Loss for the period	-	-	-	-	-	(60,027)	(60,027)	(3,601)	(63,628)
Other comprehensive income	-	-	-	2,014	-	-	2,014	175	2,189
Total comprehensive income	-	-	-	2,014	-	(60,027)	(58,013)	(3,426)	(61,439)
Balance at 31 December 2014 and 1 January 2015	**373,264**	**710,477**	**(251,428)**	**116,002**	**31,947**	**(805,227)**	**175,035**	**27,744**	**202,779**
Changes in equity for the six months ended 30 June 2015:									
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(54,107)**	**(54,107)**	**(3,612)**	**(57,719)**
Other comprehensive income	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**	**2**	**1**
Total comprehensive income	**-**	**-**	**-**	**(1)**	**-**	**(54,107)**	**(54,108)**	**(3,610)**	**(57,718)**
Balance at 30 June 2015	**373,264**	**710,477**	**(251,428)**	**116,001**	**31,947**	**(859,334)**	**120,927**	**24,134**	**145,061**

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 interim financial report for the six months ended 30 June 2015 but is extracted from the report.

The 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 issue by the Board of Directors on 31 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

Going concern

The group is due to incur non-operating cash outflows of $129,653,000 within one year, being repayment of bank loans of $63,403,000 and interest payable of $66,250,000. 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 30 June 2015, the group only had cash and cash equivalents of $40,031,000.

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 terminal, transhipment, warehousing and storage 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, the group entered a five-year crude oil supply agreement with Unipec Asia Company Limited ("UNIPEC Asia", the trading arm of SINOPEC who is one of the largest crude buyers in the world) in May 2015. Under the crude oil supply agreement, the group will supply UNIPEC Asia with crude oil up to 15 million metric tons for the first contract year (2016), and up to 25 million metric tons for each subsequent contract year. The directors expect the crude oil supply agreement will generate additional operating cash inflows to support the group's liquidity needs.

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.

These facts and circumstance 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 interim financial report for the six months ended 30 June 2015 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 this interim financial report.

2. Changes in accounting policies

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the group and the company.

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented. 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 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, warehousing 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 carried out in Dongguan, the PRC.

(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 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 turnover 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.

Information regarding the group's reportable segments as 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 2015 and 2014 is set out below:

	XHIT		**DZIT**		**Total**	
For the six months ended 30 June	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**53,183**	51,995	**52,252**	57,216	**105,435**	109,211
Reportable segment (loss)/profit before taxation	**(967)**	2,924	**(43,877)**	(39,581)	**(44,844)**	(36,657)

	XHIT		**DZIT**		**Total**	
	At 30 June 2015	At 31 December 2014	**At 30 June 2015**	At 31 December 2014	**At 30 June 2015**	At 31 December 2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**1,467,141**	1,475,931	**1,195,238**	1,245,754	**2,662,379**	2,721,685
Reportable segment liabilities	**1,353,624**	1,355,950	**1,051,206**	1,057,807	**2,404,830**	2,413,757

(b) Reconciliations of reportable segment revenues, loss before taxation, assets and liabilities

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Revenue		
Reportable segment revenue	**105,435**	109,211
Consolidated turnover	**105,435**	109,211
Loss before taxation		
Reportable segment loss before taxation	**(44,844)**	(36,657)
Unallocated other net income/(loss)	**395**	(25)
Unallocated head office and corporate expenses	**(13,521)**	(15,351)
Consolidated loss before taxation	**(57,970)**	(52,033)

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Assets		
Reportable segment assets	**2,662,379**	2,721,685
Elimination of inter-segment receivables	**(1,034,023)**	(1,031,709)
	1,628,356	1,689,976
Unallocated head office and corporate assets	**13,773**	20,355
Consolidated total assets	**1,642,129**	1,710,331
Liabilities		
Reportable segment liabilities	**2,404,830**	2,413,757
Elimination of inter-segment payables	**(1,034,023)**	(1,031,709)
	1,370,807	1,382,048
Unallocated head office and corporate liabilities	**126,261**	125,504
Consolidated total liabilities	**1,497,068**	1,507,552

4. Other net income

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Interest income	**177**	155
Loss on disposal of property, plant and equipment	**-**	(6)
Net foreign exchange (loss)/gain	**(124)**	348
Others	**911**	981
	964	1,478

5. Loss before taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans	**37,015**	39,373
(b) Staff costs*		
Contributions to defined contribution retirement plan	**1,615**	1,286
Salaries, wages and other benefits	**28,549**	27,762
Total staff costs	**30,164**	29,048
(c) Other items		
Depreciation and amortisation	**64,502**	63,803
Operating lease charges on properties*	**2,106**	2,105

* Staff costs include $900,000 (six months ended 30 June 2014: $900,000) relating to operating lease charges on properties, which amount is also included in the respective total amount disclosed separately above.

6. Income tax

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Current tax – PRC Enterprise Income Tax in respect of prior years	**44**	-
Deferred taxation – origination and reversal of temporary differences	**(295)**	(295)
	(251)	(295)

Notes:

(i) No Hong Kong Profits Tax was provided for the six months ended 30 June 2015 as the group sustained a loss for Hong Kong Profits Tax purposes for the period (six months ended 30 June 2014: Nil).

(ii) No PRC Enterprise Income Tax was provided for the six months ended 30 June 2015 as the group's PRC subsidiaries sustained a loss for PRC Enterprise Income Tax purposes (six months ended 30 June 2014: Nil).

The applicable tax rate of the PRC subsidiaries for the six months ended 30 June 2015 and 2014 was 25%.

At 30 June 2015, temporary differences relating to the undistributed profits of the group's subsidiaries amounted to $157,846,000 (31 December 2014: $159,072,000). Deferred tax liabilities of $7,892,000 (31 December 2014: $7,954,000) have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

7. Loss per share

The calculations of basic and diluted loss per share is based on the loss attributable to ordinary equity shareholders of the company of $54,107,000 (six months ended 30 June 2014: $48,787,000) and the weighted average of 3,732,638,000 ordinary shares (six months ended 30 June 2014: 3,732,638,000 ordinary shares) in issue during the interim period.

The diluted loss per share is the same as the basic loss per share as there were no diluted potential ordinary shares in existence during the six months ended 30 June 2015 and 2014.

8. Property, plant and equipment

Acquisition and disposal

During the six months ended 30 June 2015, additions to the group's dock and storage facilities with a cost amounted to approximately $592,000 (six months ended 30 June 2014: $4,231,000). There was no significant disposal of property, plant and equipment during the six months ended 30 June 2015.

9. Trade and other receivables

At the 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:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Within 1 month	**24,205**	23,240
Over 1 month but within 2 months	**3,255**	2,636
Over 2 months but within 3 months	**1,628**	2,300
Over 3 months	**29,692**	22,898
Trade debtors, net of allowance for doubtful debts	**58,780**	51,074
Prepayment and other receivables	**4,575**	11,606
	63,355	62,680

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.

(a) Impairment of trade debtors

Impairment losses in due to 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 2014 and 30 June 2015.

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 ruling (the "Arbitration Ruling") 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 ruling (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 Ruling) be paid by the Lessee to the group within ten days from the date of the Arbitration Ruling being served, and the Arbitration Ruling shall have legal effect from the date when the Arbitration Ruling was made.

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 Ruling 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.

On 5 May 2015, the group has entered into a settlement agreement (the "Settlement Agreement") with the Lessee to settle the dispute in respect of the Lease Agreement. The Lease Agreement and the supplemental agreement were terminated pursuant to the Settlement Agreement. The group agreed to withdraw its application to enforce the Arbitration Ruling made by the Arbitration Commission and waive the monetary amount, including default payment that the Lessee was ordered to pay to the group under the Arbitration Ruling. The Lessee agreed to withdraw its application to revoke the Arbitration Ruling, and will waive the rental of oil storage tanks that the group was ordered to refund to the Lessee under the Arbitration Ruling. Each of the group and the Lessee agreed to be responsible for its own arbitration fees, legal and other expenses incurred. The group and the Lessee agreed that they will continue to cooperate in the storage business and the lessee agreed to assist the group to identify new customer(s) to lease the oil storage tanks contemplated under the Lease Agreement.

At 31 December 2014, there was an allowance for doubtful debt of $121,704,000, which was provided for in 2011, in relation to the above Lease Agreement. During the six months ended 30 June 2015, such allowance for doubtful debt was written off against the trade debtor directly pursuant to the settlement with the Lessee.

10. Bank loans

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

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Short-term secured bank loans	**63,403**	63,380
Long-term secured bank loans	**1,143,799**	1,143,366
	1,207,202	1,206,746

(b) As at 30 June 2015, the bank loans were repayable as follows:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Within 1 year or on demand	**63,403**	63,380
After 1 year but within 2 years	**63,403**	63,380
After 2 years but within 5 years	**268,831**	266,194
After 5 years	**811,565**	813,792
	1,143,799	1,143,366
	1,207,202	1,206,746

(c) At 30 June 2015, the group had banking facilities totalling $1,207,202,000 (31 December 2014: $1,206,746,000), which were secured by certain of the group's fixed assets with net book value of $1,230,309,000 as at 30 June 2015 (31 December 2014: $1,280,643,000). The banking facilities were utilised to the extent of $1,207,202,000 as at 30 June 2015 (31 December 2014: $1,206,746,000).

11. 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 balance is shown as non-current.

EXTRACT OF THE REVIEW REPORT FROM THE DRAFT INTERIM FINANCIAL REPORT OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2015

"*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Emphasis of matter

Without qualifying our review conclusion, we draw attention to note 1 to the interim financial report which describes that the group expects to repay bank loans and interest totalling HK$129,653,000 within one year and consequently, the group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources. 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 interim financial report have been prepared on a going concern basis, the validity of which is dependent on the group's ability to generate sufficient cash flows from future operations and/or other sources to meet its liquidity commitments. Further details are set out in note 1. The interim financial report does not include any adjustments that would result should the group be unable to continue to operate as a going concern."

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 Xiao Hu Island (the "Solid Warehousing Centre") during the reporting period are set forth as follows:

	XHIT			DZIT		
	Six months ended 30 June			Six months ended 30 June		
Operational statistics	**2015**	2014	Change %	**2015**	2014	Change %
Liquid product terminal, storage and transshipment services						
Number of vessels visited						
- foreign	**109**	89	+22.5	**53**	57	-7.0
- domestic	**180**	159	+13.2	**120**	138	-13.0
Number of trucks served to pick up cargoes	**11,940**	6,636	+79.9	**20,809**	12,085	+72.2
Number of drums filled	**20,636**	23,171	-10.9	**708**	437	+62.0
Transshipment volume (metric ton)						
- oils	**-**	-	-	**-**	106,616	-100.0
- petrochemicals	**101,431**	79,775	+27.1	**1,601**	1,597	+0.3
Port jetty throughput (metric ton)	**542,000**	442,000	+22.6	**473,000**	770,000	-38.6
Tank farm throughput (metric ton)	**768,000**	596,000	+28.9	**953,000**	1,139,000	-16.3
Solid chemical warehousing services						
Floor area leased out (m^2)	**26,520**	24,475	+8.4	**N/A**	N/A	N/A
Cargoes received (metric ton)	**36,194**	35,102	+3.1	**N/A**	N/A	N/A
Cargoes issued (metric ton)	**34,864**	32,768	+6.4	**N/A**	N/A	N/A

LIQUID PRODUCT TERMINAL BUSINESS

XHIT

The major operational indices achieved tremendous growth at XHIT during the six months of 2015. The total port jetty and tank farm throughput increased by 22.6% and 28.9% respectively. At the same time, the number of vessels visited, including foreign and domestic vessels, totaled 289, representing an increase of 16.5% compared to 248 of the same period last year. The results were mainly due to the conversion of its fuel oil tanks to cater light oils and chemicals in adapting to the market demand change. By the end of the reporting date, more than 60 percent of fuel oil tanks have been completed revamped. The results also reflected somewhat recovery of light oil product market. While the average lease out rate of oil tanks kept flat, the average lease out rate of chemical tanks reached as high as approximately 97% during the period.

DZIT

In the first half of 2015, several large clients kept their storage at relatively longer period, which resulted in lower turnover frequency at DZIT. In addition, a few newly constructed oil and chemical storage facilities was put into operation from our competitors around DZIT, which deteriorated market competition and reduced our market shares to some extent. Besides, domestic chemical price was lower than international level, leading to lower level of chemical imports. DZIT faced challenges for its operation. Total port jetty and tank farm throughput during the period decreased by 38.6% and 16.3% respectively. Meanwhile, the number of vessels visited, including foreign and domestic vessels, totaled 173, representing a decrease of 11.3% compared with 195 of the same period of last year. Furthermore, with the shrink of oil blending business, the transshipment volume for oil reduced accordingly. While both port jetty and tank farm throughput decreased significantly, with the efforts, the average lease out rate was down slightly to 80.9% during the period.

SOLID CHEMICAL WAREHOUSING BUSINESS

With the relatively low crude oil price as well as the gradual recovery of chemical business cycle, the Solid Warehousing Centre improved its performance in the first half of 2015. By the end of the period, the floor area leased out was about 26,520 square meters, representing an increase of 8.4% compared with the same period of last year, and the average leased out rate was about 82.2%. In particular, the leased out rate for Class A product reached as high as 100%. Accordingly，the cargoes received and issued during the period were increased by 3.1% and 6.4% respectively on a half-year on half-year basis.

Operating financials

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

	XHIT				**DZIT**			
Six months ended 30 June	**2015**		2014		**2015**		2014	
	HK$'000	***%***	*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
Terminal, storage and transshipment income	**38,683**	**72.8**	37,327	71.8	**51,534**	**98.6**	56,235	98.3
Port income	**1,242**	**2.3**	1,541	3.0	**718**	**1.4**	981	1.7
Solid chemical warehousing income	**13,258**	**24.9**	13,127	25.2	**N/A**	**N/A**	N/A	N/A

XHIT

The turnover from the provision of terminal, storage and transshipment facilities for liquid products in XHIT was about HK$39.9 million during the period, representing an increase of 2.7% compared with the same period of last year. The major reasons were because the port jetty throughput and tank farm throughput increased in a big margin, although unit storage rate was decreased due to tough competitions.

The revenue from the Solid Warehousing Centre increased by 1.0%. The major reason is because the floor area leased out increased to 82.2% compared with 75.7% at the same period of last year, however, the unit rate decreased slightly.

DZIT

The turnover from the provision of terminal, storage and transshipment facilities for liquid products in DZIT was approximately HK$52.3 million during the period, down from HK$57.2 million at the same time of last year, representing a decrease of 8.6%. One reason is because of lower operating income from less jetty throughput. Another reason is because of lower unit storage rate resulting from the competition.

OUTLOOK

The environment for oil and petrochemical market in the first half of 2015 remained challenging. The slide of oil prices hampered the trading market last year. With the leveling of oil prices early this year, the cargo flows and storage demand became active. XHIT picked up the opportunity and successfully improved its rent out rate and handling services. Economic conditions remain uncertain in many parts of the world, in particular in the eurozone and in China. Central banks remain determined to maintain a policy environment that facilitates the resumption of sustainable economic growth. Recent cut in renminbi exchange rate by the People Bank of China echoes the determination. We see the move will stimulate the export from PRC yet may push capital outflow for people to mitigate their exchange loss at the same time. It is expected more accommodating monetary conditions to facilitate the stability of PRC economy in the remaining of the year. US economic growth is likely to accelerate. In addition, real incomes are rising with the drop of oil prices. However, there are still uncertainties such as the renminbi exchange rate movement the effects of which on export and capital outflow are yet to know, the timing of any US monetary tightening, and response of oil and petrochemical cargo movement in the domestic market.

- **Liquid Product Terminal Business**

We expect a modest growth in the second half of the year. The group continues to pursue its future business development to improve the utilization of capacity in the two terminals. Tailor-made new storage tanks and provision of on-going new services are keys to engage new value customer. With the gradual development of LNG market in China, the coming years will be the good timing to harvest the crop. The vacant land in DZIT is perfect to land LNG provision customers. Proactive measures and actions such as developing the LNG refill station business in the Pearl River Delta are being taken to enhance the group’s position and abilities to capture this growth opportunity.

- **Solid Warehousing Centre**

We will try every effort to expand our market for the group’s solid warehousing centre business in the second half of 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.

- **Crude Oil Trading Business**

In May 2015, the group successfully entered into a long term contract to supply crude oil with Unipec Asia Company Limited (“UNIPEC Asia”), the trading arm of Sinopec who is one of the largest crude buyers in the world. The signing of this contract signifies the opening of a new page to the group’s history. The contract starts with in maximum 15 million tons in the first contract year and followed by a volume of up to 25 million tons per year in subsequent four years. In this connection, the group will procure crude to UNIPEC Asia for the coming five years and the maximum volume may run up to 115 million tons or approximately 800 million barrels. Referencing the contract volume to the current crude market price of US$45 per barrel, the contract, upon execution, may create sales turnover of US$36 billion approximately to the group. The back-to-back structure design on contract terms limits the group’s exposure to world commodity price fluctuations and mitigates most of its operational risks. The trade is expected to generate tremendous turnover and cash flow to the group and improve its financial position thus eventually create value to the shareholders. It solidly lays the foundation of sustainable growth for the group in coming years.

With the total import volume of crude by SOE shot up to almost 300 million tons in 2014, China becomes the second largest crude importer in the world. It fully leverages the group’s abilities to bridge the both sides of consumption demand and production supply.

FINANCIAL REVIEW

	Six months ended 30 June 2015 ***HK$'000***	Six months ended 30 June 2014 *HK$'000*	Changes %
Turnover	**105,435**	109,211	-3.5
Turnover less direct costs and operating expenses	**10,509**	12,773	-17.7
Loss before interest and tax ("LBIT")	**(20,955)**	(12,660)	+65.5
Loss attributable to equity shareholders of the company	**(54,107)**	(48,787)	+10.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**43,547**	51,143	-14.9
Gross margin	**10.0%**	11.7%	-14.5
Net loss margin	**(54.7%)**	(47.4%)	+15.4
Basic loss per share (HK cent)	**(1.45)**	(1.31)	+10.7
Diluted loss per share (HK cent)	**(1.45)**	(1.31)	+10.7

For the six months ended 30 June 2015, the group's turnover decreased slightly by 3.5% from HK$109.2 million to HK$105.4 million over the same period of last year. Nevertheless, the income from oil storage and handling services in DZIT increased by HK$3.7 million and HK$1.1 million respectively, the drop of port jetty and tank farm throughput of DZIT resulted the decrease of chemical storage income by HK$7.7 million and transshipment income by HK$1.7 million during the period. Despite the total costs were slightly reduced by 1.6%, the gross operating profit reduced by 17.7% from HK$12.8 million to HK$10.5 million and gross margin decreased by 14.5% from 11.7% to 10.0% during the period. Upon the settlement of the dispute in respect of Oil Storage Tanks Lease Agreement between the group and Sinopec, the prepaid arbitration fee of HK$6.3 million was expensed to profit or loss for the period. In this connection, LBIT increased from HK$12.7 million to HK$21.0 million and EBITDA decreased from HK$51.1 million to HK$43.5 million over the same period of last year. The loss attributable to equity shareholders of the company increased from HK$48.8 million to HK$54.1 million over the same period of 2014. The basic and diluted loss per share for the period increased from 1.31 Hong Kong cent to 1.45 Hong Kong cent on a half-year on half-year basis.

Capital structure, liquidity and gearing

The group's financial position remained stable. As at 30 June 2015, the group's total cash and cash equivalents amounted to approximately HK$40 million (31 December 2014: HK$46 million). Most of the funds were held in Hong Kong dollar, RMB and US dollar.

As at 30 June 2015, the group's current ratio was 1.14 (31 December 2014: 1.23) and the group's gearing ratio (defined as total liabilities to total equity) as at 30 June 2015 was 10.32 (31 December 2014: 7.43). The increase was attributable to the reduction of shareholder's equity in respect of the loss incurred during the period.

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 30 June 2015 (31 December 2014: HK$1,207 million). During the six months ended 30 June 2015, the finance cost charged to profit or loss was approximately HK$37 million (2014: HK$39 million).

Taxation

The group sustained a loss for Hong Kong Profits Tax purposes for the period. The applicable tax rate of the group's PRC subsidiaries for the period ended 30 June 2015 was 25% (2014: 25%).

Exposure to fluctuation in exchange rates 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 as collaterals for the banking facilities granted.

Capital commitment

At 30 June 2015, 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$20 million (31 December 2014: HK$20 million).

At 30 June 2015, 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$149 million (31 December 2014: HK$149 million).

Contingent liabilities

At 30 June 2015, the group has no material contingent liabilities.

Employees and remuneration policy

The group had a workforce of approximately 440 people (31 December 2014: 445). 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 2015 (2014: Nil).

OTHER INFORMATION

REVIEW OF THE INTERIM FINANCIAL REPORT

The group's interim financial report for the six months ended 30 June 2015 has not been audited but has been reviewed by the Audit Committee and auditors of the company, KPMG, whose review report will be included in the interim financial report to be sent to shareholders.

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 Corporate Governance Code and Corporate Governance Report

The company's corporate governance practices are based on the principles and the 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 and E.1.2 as disclosed in 2014 annual report.

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") 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 for the six months ended 30 June 2015.

On behalf of the Board
David An
Chairman

Hong Kong, 31 August 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