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 2015

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 2015 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Hong Kong dollars)

	Note	**2015** *$'000*	2014 *$'000*
Revenue	*2*	**223,203**	211,506
Direct costs and operating expenses		**(193,210)**	(193,478)
		29,993	18,028
Other income	*3*	**6,393**	3,427
Administrative expenses		**(63,261)**	(57,781)
Loss from operations		**(26,875)**	(36,326)
Finance costs	*4(a)*	**(70,656)**	(79,165)
Loss before taxation	*4*	**(97,531)**	(115,491)
Income tax	*5(a)*	**(2,742)**	125
Loss for the year		**(100,273)**	(115,366)
Attributable to:			
Equity shareholders of the Company		**(94,469)**	(108,814)
Non-controlling interests		**(5,804)**	(6,552)
Loss for the year		**(100,273)**	(115,366)
Loss per share	*6*		
− basic		**(2.53 cents)**	(2.92 cents)
− diluted		**(2.53 cents)**	(2.92 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Hong Kong dollars)

	2015	2014
	$'000	*$'000*
Loss for the year	**(100,273)**	(115,366)
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	**(17,196)**	(1,572)
Total comprehensive income for the year	**(117,469)**	(116,938)
Attributable to:		
Equity shareholders of the Company	**(110,289)**	(110,241)
Non-controlling interests	**(7,180)**	(6,697)
Total comprehensive income for the year	**(117,469)**	(116,938)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015
(Expressed in Hong Kong dollars)

	Note	**2015**	2014
		$'000	*$'000*
Non-current assets			
Property, plant and equipment	*7*	**1,088,906**	1,269,767
Interests in land held for own use under operating leases	*7*	**243,603**	265,848
Prepayments for construction costs		**10,667**	21,558
Intangible assets		**1,988**	2,208
Deferred tax assets		**14,839**	-
		1,360,003	1,559,381
Current assets			
Interest in land held for own use under operating leases	*7*	**6,727**	7,145
Consumable parts		**14,145**	16,463
Trade and other receivables	*8*	**61,600**	62,680
Current tax recoverable		**545**	18,630
Cash and cash equivalents		**52,703**	46,032
		135,720	150,950
Current liabilities			
Other payables and accruals		**50,314**	59,182
Bank loans and other borrowings	*9*	**109,211**	63,380
		159,525	122,562
Net current (liabilities)/assets		**(23,805)**	28,388
Total assets less current liabilities		**1,336,198**	1,587,769
Non-current liabilities			
Deferred tax liabilities		**4,776**	5,663
Bank loans and other borrowings	*9*	**1,016,947**	1,143,366
Amounts due to related parties	*10*	**228,696**	235,961
		1,250,419	1,384,990
Net assets		**85,779**	202,779
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**(308,049)**	(198,229)
Total equity attributable to equity shareholders of the Company		**65,215**	175,035
Non-controlling interests		**20,564**	27,744
Total equity		**85,779**	202,779

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

(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 *$'000*	Capital reserve *$'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 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 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 2015:										
Loss for the year	-	-	-	-	-	-	**(94,469)**	**(94,469)**	**(5,804)**	**(100,273)**
Other comprehensive income	-	-	-	**(15,820)**	-	-	-	**(15,820)**	**(1,376)**	**(17,196)**
Total comprehensive income	-	-	-	**(15,820)**	-	-	**(94,469)**	**(110,289)**	**(7,180)**	**(117,469)**
Issurance of convertible bonds	-	-	-	-	-	**469**	-	**469**	-	**469**
Balance at 31 December 2015	**373,264**	**710,477**	**(251,428)**	**100,182**	**31,947**	**469**	**(899,696)**	**65,215**	**20,564**	**85,779**

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 2015 but is extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 $168,281,000 within one year, being (i) repayment of bank loans of $59,680,000 in December 2016; (ii) repayment of convertible bonds of $50,000,000 payable on demand as at 31 December 2015; and (iii) payment of interests of $58,601,000 payable quarterly in arrears. In respect of the convertible bonds, as disclosed in note 16(d), the Group was in breach of the financial covenants under the subscription agreement of convertible bonds relating to the Group's consolidated net asset value. Accordingly, the bond holder has the right at any time by notice to the Group to require the convertible bonds to be immediately repaid. Subsequent to the balance sheet date, the Group has obtained consent from the bond holder to revise the financial covenants to reduce the level of consolidated net asset value that the Group is required to maintain. The Group is in the process of formalising the revision of the financial covenants through entering into a supplementary agreement with the bond holder. With the revised covenants, the Group expects to repay the convertible bonds by its original due date, which is December 2016. The Group will be unable to repay these bank loans, convertible bonds and interests 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 2015, the Group only had cash and cash equivalents of $52,703,000.

The directors have been taking various initiatives to improve the Group's operating cash flows, 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, the group entered into 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 oil 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 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 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 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:

– 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.

2. Revenue and segment reporting

(a) Revenue

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

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

	2015	2014
	$'000	*$'000*
Storage, warehousing and transshipment income	**218,166**	206,686
Port income	**5,037**	4,820
	223,203	211,506

In 2015, the Group has no customer (2014: one customer) 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. Revenue 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. Revenue 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 2015 and 2014 is set out below.

	XHIT		*DZIT*		*Total*	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment revenue	**110,318**	104,094	**112,885**	107,412	**223,203**	211,506
Reportable segment profit/(loss) before taxation	**11,518**	2,980	**(79,743)**	(86,734)	**(68,225)**	(83,754)
Interest income	**306**	146	**77**	91	**383**	237
Finance costs	**11,057**	13,592	**59,599**	65,550	**70,656**	79,142
Reportable segment assets	**1,340,190**	1,475,931	**1,083,813**	1,245,754	**2,424,003**	2,721,685
Reportable segment liabilities	**1,209,914**	1,355,950	**983,785**	1,057,807	**2,193,699**	2,413,757

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

	2015	2014
	$'000	*$'000*
Revenue		
Reportable segment revenue	**223,203**	211,506
Consolidated revenue (note 2(a))	**223,203**	211,506
Loss		
Reportable segment loss before taxation	**(68,225)**	(83,754)
Unallocated other (expenses)/income	**(193)**	75
Unallocated head office and corporate expenses	**(29,113)**	(31,812)
Consolidated loss before taxation	**(97,531)**	(115,491)

2. Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	2015	2014
	$'000	*$'000*
Assets		
Reportable segment assets	**2,424,003**	2,721,685
Elimination of inter-segment receivables	**(966,691)**	(1,031,709)
	1,457,312	1,689,976
Unallocated head office and corporate assets	**38,411**	20,355
Consolidated total assets	**1,495,723**	1,710,331
Liabilities		
Reportable segment liabilities	**2,193,699**	2,413,757
Elimination of inter-segment payables	**(966,691)**	(1,031,709)
	1,227,008	1,382,048
Unallocated head office and corporate liabilities	**182,936**	125,504
Consolidated total liabilities	**1,409,944**	1,507,552

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, interests in land held for own use under operating leases, 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*	
	2015	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**-**	-	**3,141**	3,606
PRC (excluding Hong Kong)	**223,203**	211,506	**1,342,023**	1,555,775
	223,203	211,506	**1,345,164**	1,559,381

3. Other income

	2015	2014
	$'000	*$'000*
Interest income	**393**	368
Government grants	**253**	1,177
Loss on disposal of property, plant and equipment	**(31)**	(104)
Net foreign exchange gain/(loss)	**3,123**	(21)
Others	**2,655**	2,007
	6,393	3,427

4. Loss before taxation

Loss before taxation is arrived at after charging:

	2015	2014
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans	**70,656**	79,165
(b) Staff costs*		
Contributions to defined contribution retirement plans	**3,013**	2,455
Salaries, wages and other benefits	**59,012**	57,577
Total staff costs	**62,025**	60,032
(c) Other items		
Amortisation		
– land lease premium	**7,022**	7,114
– intangible assets	**203**	204
Depreciation	**118,417**	119,695
Auditor's remuneration		
– audit services	**1,358**	1,358
– review services	**380**	380
Operating lease charges on properties*	**4,201**	4,396

* Staff costs include $1,800,000 (2014: $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:

	2015	2014
	$'000	*$'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**-**	463
Under-provision in respect of prior years	**43**	-
	43	463
Deferred tax – origination and reversal of temporary differences	**2,699**	(588)
	2,742	(125)

Notes:

(i) No Hong Kong Profits Tax was provided for the year ended 31 December 2015 as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2014: Nil).

(ii) The applicable tax rate of the PRC subsidiaries for the year ended 31 December 2015 was 25% (2014: 25%).

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

	2015	2014
	$'000	*$'000*
Loss before taxation	**(97,531)**	(115,491)
Notional tax on loss before tax, calculated at the rates applicable in the tax jurisdictions concerned	**(22,037)**	(26,039)
Tax effect of non-deductible expenses	**2,443**	1,753
Tax effect of non-taxable income	**(2)**	(21)
Tax effect of unused tax losses not recognised	**22,262**	24,288
Under-provision in prior years	**43**	-
Others	**33**	(106)
Actual tax expense/(credit)	**2,742**	(125)

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 $94,469,000 (2014: $108,814,000) and the weighted average of 3,732,638,000 ordinary shares (2014: 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 year ended 31 December 2015 and 2014.

7. Property, plant and equipment

	Buildings	Dock and storage facilities	Office equipment	Motor vehicles	Leasehold improvements	Sub-total	Interests in land held for own use under operating leases	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Costs:								
At 1 January 2015	55,081	1,949,737	7,208	20,501	1,892	2,034,419	325,160	2,359,579
Exchange adjustments	(3,215)	(114,081)	(386)	(1,109)	-	(118,791)	(18,979)	(137,770)
Additions	-	6,386	314	352	-	7,052	-	7,052
Disposals	-	(1,976)	(52)	(177)	-	(2,205)	-	(2,205)
At 31 December 2015	51,866	1,840,066	7,084	19,567	1,892	1,920,475	306,181	2,226,656
Accumulated depreciation and amortisation:								
At 1 January 2015	13,809	728,624	4,857	17,027	335	764,652	52,167	816,819
Exchange adjustments	(881)	(47,227)	(276)	(943)	-	(49,327)	(3,338)	(52,665)
Charge for the year	1,785	114,495	601	1,220	316	118,417	7,022	125,439
Written back on disposals	-	(1,968)	(46)	(159)	-	(2,173)	-	(2,173)
At 31 December 2015	14,713	793,924	5,136	17,145	651	831,569	55,851	887,420
Net book value:								
Balance at 31 December 2015	**37,153**	**1,046,142**	**1,948**	**2,422**	**1,241**	**1,088,906**	**250,330**	**1,339,236**
Balance at 31 December 2014	41,272	1,221,113	2,351	3,474	1,557	1,269,767	272,993	1,542,760

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 2015 includes an amount of $6,727,000 (2014: $7,145,000) which is disclosed as interest in land held for own use under operating leases under current assets.

8. Trade and other receivables

	2015	2014
	$'000	*$'000*
Trade debtors	**63,537**	172,778
Less: Allowance for doubtful debts (note 8(b))	**(6,227)**	(121,704)
	57,310	51,074
Prepayments and other receivables	**4,290**	11,606
	61,600	62,680

The amount of the prepayments and other receivables expected to be recovered or recognised as expense after more than one year is $Nil (2014: $920,000). Apart from these, the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As at balance sheet date, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts is as follows:

	2015	2014
	$'000	*$'000*
Within 1 month	**21,536**	23,240
Over 1 month but within 2 months	**1,684**	2,636
Over 2 months but within 3 months	**1,206**	2,300
Over 3 months	**32,884**	22,898
	57,310	51,074

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.

8. Trade and other receivables (continued)

(b) Impairment of trade debtors (continued)

In this connection, the Group ceased to recognise revenue from the Lease Agreement from 1 July 2011. Further, there was 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). Full impairment loss was recognised on the accrued rental income receivable during the year ended 31 December 2011. The Group did not claim tax deduction regarding such impairment loss and recognise the income tax paid of RMB15,065,000 (equivalent to $19,674,000) for the year ended 31 December 2011 as tax recoverable as the dispute with the Lessee was not resolved.

On 11 June 2012, the Group 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. The Arbitration Commission ordered that a one-off payment of the net amount of the rulings (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) 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 Ruling being served, and the Arbitration Ruling shall has legal effect from the date when the Arbitration Ruling was made.

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 accepted the application made by the Lessee for revoking the arbitration ruling made by the Arbitration Commission dated 5 March 2014.

8. Trade and other receivables (continued)

(b) Impairment of trade debtors (continued)

On 5 May 2015, the Group 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 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.

During the year ended 31 December 2015, allowance for doubtful debts in relation to the Lease Agreement was written off against the trade debtor directly pursuant to the settlement with the Lessee. The Group would also report to the tax bureau a tax loss resulting from such impairment loss. Accordingly, the current tax recoverable previously recognised was transferred to deferred tax assets.

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

	2015	2014
	$'000	*$'000*
At 1 January	**121,704**	122,122
Exchange adjustments	**(2,352)**	(418)
Uncollectible amounts written off	**(113,125)**	-
At 31 December	**6,227**	121,704

At 31 December 2015, trade debtors of $6,227,000 (2014: $121,704,000) were individually determined to be impaired, of which $6,227,000 (2015: $6,613,000) 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 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.

9. Bank loans and other borrowings

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

	2015	2014
	$'000	*$'000*
Current liabilities		
Bank loans	**59,680**	63,380
Convertible bonds	**49,531**	-
	109,211	63,380
Non-current liabilities		
Bank loans	**1,016,947**	1,143,366
	1,126,158	1,206,746

(b) At 31 December 2015, the bank loans and other borrowings were repayable as follows:

	2015	2014
	$'000	*$'000*
Bank loans (secured)		
Within 1 year or on demand	**59,680**	63,380
After 1 year but within 2 years	**62,067**	63,380
After 2 years but within 5 years	**312,723**	266,194
After 5 years	**642,157**	813,792
	1,016,947	1,143,366
	1,076,627	1,206,746
Convertible bonds (unsecured)		
Within 1 year or on demand	**49,531**	-

(c) At 31 December 2015, the Group had banking facilities totalling $1,076,627,000 (2014: $1,206,746,000), which were secured by certain of the Group's property, plant and equipment with net book value of $849,572,000 (2014: $1,023,885,000) and interests in land held for own use under operating leases with net book value of $236,008,000 (2014: $256,758,000). The banking facilities were utilised to the extent of $1,076,627,000 as at 31 December 2015 (2014: $1,206,746,000).

9. Bank loans and other borrowings (continued)

(d) On 7 December 2015, the Group entered into a subscription agreement with a third party to issue two series, Series A and Series B, of unsecured convertible bonds with principal amount up to $50,000,000 each and one year maturity ("Convertible Bonds"). The Convertible Bonds are interest-bearing at 8% per annum and the interest are payable quarterly in arrears. The Convertible Bonds can be converted to shares of the Company at $0.3802 per share ("Conversion Price"), subject to anti-dilutive and dividend protection adjustments. The holder of the Convertible Bonds ("bond holder") has the right to convert all or any part of the principal amount of the Convertible Bonds into shares of the Company at any time from the date on which the closing price of the shares of the Company traded in Hong Kong Stock Exchange reaches 140% of the Conversion Price up to the maturity date.

Series A Convertible Bonds

On 16 December 2015, the Group issued Series A of the Convertible Bonds ("Series A Convertible Bonds") with a maturity date of 16 December 2016 ("Series A Maturity Date"). The Group may early redeem the Series A Convertible Bonds from 16 June 2016 to 16 December 2016 at principal amount plus any accrued but unpaid interest thereon the redemption date. Any Series A Convertible Bonds not previously redeemed, converted or purchased and cancelled will be redeemed at principal amount on Series A Maturity Date.

The Series A Convertible Bonds are subject to the fulfilment of covenants relating to the level of consolidated net asset value that the Group is required to maintain. If the Group were to breach the financial covenants, the Series A Convertible Bonds would become payable on demand.

The Group could not fulfil the financial covenants relating to the Group's consolidated net assets value as at 31 December 2015, and therefore the bond holder has the right at any time by notice to the Group to require the Convertible Bonds to be immediately repaid prior to Series A Maturity Date. Subsequent to the balance sheet date, the Group have obtained consent from the bond holder to revise the financial covenants to reduce the level of consolidated net asset value that the Group is required to maintain. The Group is in the process of formalising the revision of the financial covenants through entering into a supplementary agreement with the bond holder. With the revised covenants, the Group expects to repay the convertible bonds by Series A Maturity Date.

Series B Convertible Bonds

The Group will issue Series B of the Convertible Bonds ("Series B Convertible Bonds") to the bond holder upon fulfilment of certain conditions.

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 2015

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements which describes that the Group is committed to repay bank loans, convertible bonds and interest totalling HK$168,281,000 within one year and that 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. 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 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 consolidated financial statements do not include any adjustments that would result should the Group be unable to continue to operate as a going concern."

BUSINESS REVIEW REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Hans Energy Company Limited is a leading operator in provision of terminal and storage facilities and services for liquid petrochemical products in south China. As used in this report, the terms of Hans, Hans Energy, we and the Company may refer to Hans Energy Company Limited or any one or more of its consolidated subsidiaries ("The Group").

Company Profile

The Group is a leading midstream player in providing integrated facilities of jetties, storage tanks, warehousing and logistic services in south China for petroleum, liquid chemicals and gases products, offering value-added services in its own ports and storage tank farms. The Group owns and operates three major facilities, namely Panyu Petrochemical Terminal ("XHIT"), Panyu Solid Chemical warehouse and logistic centre ("Solid Warehousing Centre"), and Dongzhou Petrochemical Terminal ("DZIT").

Liquid Product Terminals

XHIT is situated in Xiao Hu Island, Nansha, Panyu district, Guangzhou City, Guangdong Province. The Terminal was built with five jetties of birthing capacity ranging from 500 to 30,000 dwt. The tank farm has a site area of 212,000 square metres and is installed with 86 tanks of a total storage capacity of 330,000 cubic metres, out of which 240,000 cubic metres are specialized for gasoline, diesel and similar petroleum products commonly available in trading and consumption markets. The rest 90,000 cubic metres tanks are built for petrochemical products.

DZIT is situated in Lisha Island, Humen Harbour district, Shatian county, Dongguan City, Guangdong Province. The Terminal was built with twelve jetties of birthing capacity ranging from 500 to 100,000 dwt. The tank farm has a site area of 516,000 square metres and is installed with 96 tanks of a total storage capacity of 260,000 cubic metres, out of which 180,000 cubic metres are specialized for gasoline, diesel and similar petroleum products commonly available in trading and consumption markets. Storage tanks with capacity of 80,000 cubic metres were built for petrochemical products.

Business Model

The two liquid product terminals provide customers with storage and terminal services. However, customers use them for different functions with regards to oil products and petrochemical products: the terminals are distribution hubs for refined oil products while customers use them mainly for storage of petrochemicals.

The oil customers of the Group are distributors and traders of refined oils in Guangdong province. To cope with their product distribution requirements, they prefer to employ an owner jetty terminal with integrated facilities instead of queuing up in public ports, with prime location to cover highly dense sales outlets, i.e. petrol stations. With their volume and frequency of flows of goods, users pick those terminals which can handle large scale and high speed refined oil operations. Furthermore, the terminals must be fully licensed to cater multi products such as gasoline and diesel.

Strategic locations

The two liquid product terminals of the Group are located in the centre of the Pearl River Delta. As Guangdong is the pioneer in economic development of China, it takes up about 10% of energy consumption of the country. The refining capacity in the province accounts for 20% of the national capacity. The two terminals situate in the centre of the economic circle of the province. Within a radius of 150 kilometers from Panyu and Dongguan, the circle covers over 80% GDP of the Guangdong, more than 80% of the provincial population, around 80% energy consumption and over 80% petrol stations in the province. The location edge attracts customers to engage with the two terminals for their distribution of refined oils.

Apart from oil products customers, there are customers who have manufacturing plants in the Pearl River Delta. In their business cycle, there are requirements to temporarily store their dangerous, poisonous and hazardous goods in designated controlled facilities with proper licences in accordance with governmental regulations for safety and environment reasons. The customers may store their hazardous raw materials, work-in-progress and finished goods in our storage facilities. Our two terminals employ experienced, professional and skillful management teams with well-equipped features storage hardware. The Group persistently maintain high standards in safety and environment protection. Both terminals in Panyu and Dongguan are fully and properly licensed to handle wide range of dangerous and hazardous goods. They provide convenience to customers to move their cargoes in and out of the terminals during their production cycle.

Safety and Environment

Since the products handled by XHIT, DZIT and Solid Chemical Warehouse are hazardous, safety and environment protection measures and equipment are regarded as the most vital and critical importance to the success of the Group. The stunning explosion happened in Tianjin last August reminded us that we must stay at the highest alert in maintaining standards in safe operations all time.

Revenues

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

Key Performance Indicators

With regards to the business model, the lease-out rates and cargo throughput are the major key performance indicators of the terminals. Higher lease-out rate should return with higher leasing income. More cargoes flows mean more works the terminals have done thus more handling service income.

The lease-out rates and cargo throughput of the last two years are as follows:

Operational statistics	XHIT 2015	XHIT 2014	XHIT Change %	DZIT 2015	DZIT 2014	DZIT Change %
Liquid product terminal and transshipment services						
Number of vessels visited						
- foreign	**215**	189	+13.8	**127**	114	+11.4
- domestic	**408**	332	+22.9	**352**	211	+66.8
Number of trucks served to pick up cargoes	**26,730**	18,829	+42.0	**45,425**	30,158	+50.6
Number of drums filled	**44,945**	48,118	-6.6	**725**	795	-8.8
Transshipment volume (metric ton)						
- oils	**-**	-	-	**3,282**	106,616	-96.9
- petrochemicals	**194,931**	162,587	+19.9	**4,407**	2,157	+104.3
Terminal throughput (metric ton)	**1,728,000**	1,320,000	+30.9	**2,617,000**	2,021,000	+29.5
- port jetty throughput	**1,219,000**	932,000	+30.8	**1,521,000**	1,235,000	+23.2
- loading station throughput	**509,000**	388,000	+31.2	**1,096,000**	786,000	+39.4
Storage services						
Leaseout rate – oil and chemicals products	**44.9%**	36.5%	+8.4 % points	**85.5%**	80.7%	+4.8 % points
Solid chemical warehousing services						
Cargoes received (metric ton)	**74,144**	73,095	+1.4	**N/A**	N/A	N/A
Cargoes issued (metric ton)	**73,628**	70,463	+4.5	**N/A**	N/A	N/A
Floor area leased out (m^2)	**27,000**	25,100	+7.6	**N/A**	N/A	N/A
Leaseout rate	**83.6%**	77.7%	+5.9 % points	**N/A**	N/A	N/A

LIQUID PRODUCT TERMINAL BUSINESS

XHIT

The operating activities in XHIT continuously and significantly improved during 2015. Port jetty throughput and loading station throughput increased by 30.8% and 31.2% 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. Due to the growth of throughput volume, the number of trucks served to pick up cargoes and the transshipment volume for petrochemicals increased accordingly by 42.0% and 19.9% respectively on a year on year basis. In the past few years, the Company made efforts to revamp its fuel oil tanks into light oil tanks, to adapt to the market transformation. We noticed some improvements for light oil market situation in 2015, in particular in the second half of 2015. Resulting from the Company's efforts as well as market environment, the average utilization of the oil tanks reached to 26% in 2015 compared with 16% in 2014. While the average utilization rate of chemical tanks kept as high as 97% in 2015 compared with 93% in 2014, the total average leaseout rate for both categories was 44.9%, although 8.4 percentage points higher than that in the prior year, still kept at relatively lower level. It demonstrates that XHIT have big room to improve in the future.

DZIT

Similar to XHIT, the operational performances in DZIT maintained continuous improvements during 2015. Port jetty and loading station throughput during the year increased by 23.2% and 39.4% respectively on a year on year basis. The number of trucks served to pick up cargoes increased by 50.6% compared with same period of last year. The Group tried its best to tap into market potentials and to expand its oil and chemical storage volume. The yearly average leaseout rate of tank farm was approximately 86% in 2015 compared with 81% in 2014. Same to XHIT, performances in DZIT in the second half was much improved than those in the first half, and we expect this trend will continue. In DZIT, we have an approximately 150,000 square meters vacant land available for construction of liquid and/or gaseous product tanks.

SOLID CHEMICAL WAREHOUSING BUSINESS

The Solid Warehousing Centre gradually recovered its performance in 2015 from the trough in 2014. The cargoes received and issued increased by 1.4% and 4.5% in 2015 respectively as compared with last year. The average floor areas leased out increased by 7.6%, on year on year basis. The leaseout rate reached approximately 84% in 2015, 5.9 percentage points higher than that in 2014.

OPERATION REVIEW

The operational results in XHIT, DZIT plus the Solid Warehousing Centre continuously and significantly improved during 2015. The Group will continuously explore market potentials and to expand its oil and chemical storage volume.

Operating financials

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

	XHIT				**DZIT**			
	2015		2014		**2015**		2014	
	HK$'000	***%***	*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
Storage and transshipment income	**80,830**	**73.3**	74,137	71.2	**110,713**	**98.1**	105,824	98.5
Port income	**2,865**	**2.6**	3,232	3.1	**2,172**	**1.9**	1,588	1.5
Solid chemical warehousing income	**26,623**	**24.1**	26,725	25.7	**N/A**	**N/A**	N/A	N/A

<u>XHIT</u>

The revenue from the provision of terminal, storage and transshipment services for liquid products in XHIT was about HK$83.7 million during the year, representing an increase of 8.2% compared with the last year. During the year, storage income increased to HK$59.1 million, representing an increase of 10.3% on a year on year basis, attributable to the 8.4 percentage points of improvement in leaseout rate. Meanwhile, the handling service income increased by 30.2% from HK$8.6 million in 2014 to HK$11.2 million in 2015, which was in line with the increase in terminal throughput by 30.9%.

The revenue generated from Solid Warehousing Centre remained almost the same as last year despite there was an increase of 5.9 percentage points in leaseout rate and 2.9% increase in cargoes handled. The major reason was the exchange impact with respect to Renminbi depreciation in 2015.

<u>DZIT</u>

The 2015 storage income in DZIT remained flat at HK$90.4 million as compared to last year notwithstanding the improvement of 4.8 percentage points in leaseout rate. The unit storage rental rate was under pressure due to keen competition in 2015. There was an improvement in terminal throughput by 29.5%, resulting an increase in revenue generated from handling services of HK$16.7 million by 43.5% in comparing with 2014.

OUTLOOK

Looking into 2016, we expect that China's economy would grow at a reasonably stable pace, which bring moderate growth in demand for oil and chemical products, as well as the moderate growth for flows of liquid cargoes in and out of our operating region. Crude oil price will keep at relatively low level and gradually recover from the trough for the whole year of 2016. From supply side, China's extremely high stockpile of crude oil and surplus refining capacity inevitably require high utilization of refineries and lead to oversupply of refined products, which result in large amount of refined product exports. From demand side, Chinese government came to liberalize its restrictions on crude oil and oil product imports. Import licenses have already been issued to some medium size and small size non-state-owned teapot refineries, and more and more licenses will be released with the further liberalization, which lead to more and more imports of refined oil products. Both imports and exports of refined oil products will directly boost the demand of liquid terminal services and storage facilities. We firmly believe that this would be great opportunity for us in 2016.

- **Liquid Product Terminal Business**

In 2016, the Group will continue to implement our existing strategies to fully leverage our existing facilities and improve the efficiency and utilization of our assets. In XHIT, the priority will be given to revamping of remaining fuel oil tanks into light oil tanks, although we have already completed about two-thirds of fuel oil tanks revamping, so that we could timely grasp the market opportunity. We expect the revamping project would be completed in the first half and the storage tanks would be put into operation in the second half. As a result, we expect that the average leaseout rate of the tank farm could reach about 60% from current level of 45%. In DZIT, the priority will be given to make full use of the reserved land. We are planning with our partners for LNG/LPG business in the land, which would help greatly improve the return efficiency of our assets. We signed a letter of intent with a professional partner company to plan prospective LNG/LPG business. Currently the cooperation is undergoing smoothly and on the schedule. We formed a specialized team handling the business, ensuring LNG resource, targeting consumers as well as designing cooperation model. We have started application for governmental approval. We expect that this project would truly help us to improve our performance in both lease rate of tanks farm and terminal utilization in DZIT, which eventually translate into increase in revenue and bottom line improvement. Meanwhile, as usual, we will expand our value added services including transshipment and blending of products to cater our clients' demand and requirements.

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 Chemical Warehousing Business**

We will continuously try every effort to expand our market for the Group's solid warehousing centre business in 2016. 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

	2015	2014	Changes
	HK$'000	*HK$'000*	%
Revenue	**223,203**	211,506	+5.5
Revenue less direct costs and operating expenses	**29,993**	18,028	+66.4
Loss before interest and tax ("LBIT")	**(26,875)**	(36,326)	-26.0
Loss attributable to equity shareholders of the Company	**(94,469)**	(108,814)	-13.2
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**98,767**	90,687	+8.9
Gross margin	**13.4%**	8.5%	+57.6
Net loss margin	**(44.9%)**	(54.5%)	-17.6
Basis loss per share (HK cents)	**(2.53)**	(2.92)	-13.4
Diluted loss per share (HK cents)	**(2.53)**	(2.92)	-13.4

The Group's financial performances improved during 2015. The Group's revenue reached to HK$223.2 million, representing an increase of 5.5% on a year on year basis, of which the income generated from storage of oil products and handling services increased by 58.9% and 39.4% respectively. The increase was mainly driven by continuous improvements in leaseout rate. Besides, the port jetty throughput and loading station throughput increased in a big margin, even though unit storage rate decreased due to keen competitions in the market. In this connection, the gross operating profits in 2015 were HK$30.0 million, significantly increased by 66.4% on a year on year basis and the gross margin improved from 8.5% in 2014 to 13.4% in 2015. LBIT for the year was HK$26.9 million (2014: HK$36.3 million) and EBITDA for the year was HK$98.8 million (2014: HK$90.7 million). The loss attributable to equity shareholders of the Company reduced to HK$94.5 million as compared to HK$108.8 million last year that was due to the increase of revenue. However, the loss reduction was neutralized by the exchange loss of HK$17.20 million (2014: HK$1.57 million) on translation of financial statements of PRC subsidiaries in relation to the depreciation of Renminbi during the year. The basic and diluted loss per share for the year decreased to 2.53 Hong Kong cents (2014: basic and diluted loss per share of 2.92 Hong Kong cents).

Capital structure, liquidity and gearing

As at 31 December 2015, the Group's total cash and cash equivalents amounted to approximately HK$52.7 million (2014: HK$46.0 million). Most of the funds were held in Hong Kong dollar, Renminbi yuan ("RMB") and US dollar.

As at 31 December 2015, the Group's current ratio was 0.85 (2014: 1.23). The Group's gearing ratio (defined as total liabilities to total equity) as at 31 December 2015 was 16.44 (2014: 7.43). The change in ratio 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$1,077 million as at 31 December 2015 (2014: HK$1,207 million). During the year ended 31 December 2015, the finance cost charged to profit or loss was approximately HK$70.7 million (2014: HK$79.2 million).

Convertible bonds

During the year, the Company issued a total of HK$50 million unsecured convertible bonds, bearing interest rate at 8% per annum, due in year 2016, details of which are set out in note 9 to the financial statements.

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 2015 was 25% (2014: 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.

As the exchange rate of RMB depreciated during the year, the Group incurred an exchange loss of HK$17.20 million (2014: HK$1.57 million) on translation of financial statements of its PRC subsidiaries.

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 31 December 2015, 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$18 million (2014: HK$20 million).

At 31 December 2015, 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$140 million (2014: HK$149 million).

Contingent liabilities

As at 31 December 2015, the Group has no material contingent liabilities.

Final dividend

The directors do not recommend any final dividend for the year ended 31 December 2015 (2014: 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 2015, 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 21 May 2015 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 2015.

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 2015, the Group had a workforce of approximately 475 employees (2014: 445), 460 (2014: 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 2015 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 2015 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 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hansenergy.com). The 2015 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, 21 March 2016

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