HANS ENERGY COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 554)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

The Board of Directors (the "Directors") of Hans Energy Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2004 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2004

	Notes	**2004** **HK$'000**	2003 HK$'000
Turnover	*4*	**192,184**	165,712
Cost of sales		**(42,099)**	(53,053)
Gross profit		**150,085**	112,659
Other operating income		**1,785**	8,158
Administrative expenses		**(15,204)**	(17,144)
Profit from operations	*5*	**136,666**	103,673
Interest on bank borrowings wholly repayable within five years		**(9,060)**	(9,731)
Gain on disposal of subsidiaries		**6,432**	—
Profit before taxation		**134,038**	93,942
Taxation	*6*	**(9,699)**	—
Profit before minority interests		**124,339**	93,942
Minority interests		**(9,570)**	(7,627)
Profit for the year		**114,769**	86,315
Dividend	*7*	**76,200**	—
Earnings per share	*8*		
— basic		**20.81 cents**	16.29 cents
— diluted		**19.09 cents**	N/A

CONSOLIDATED BALANCE SHEET
At 31st December, 2004

	2004	2003
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**349,772**	349,323
Amounts due from related companies	**—**	35,994
	349,772	385,317
CURRENT ASSETS		
Inventories — consumable stores	**2,067**	1,931
Trade and other receivables	**40,090**	28,082
Amounts due from related companies	**—**	1,873
Pledged bank deposits	**8,523**	600
Bank balances and cash	**497,369**	21,446
	548,049	53,932
CURRENT LIABILITIES		
Trade and other payables	**30,612**	21,553
Rental received in advance	**86,388**	14,589
Amounts due to related companies	**50,035**	92,043
Taxation payable	**5,855**	—
Bank loans — due within one year	**160,174**	28,095
	333,064	156,280
NET CURRENT ASSETS (LIABILITIES)	**214,985**	(102,348)
TOTAL ASSETS LESS CURRENT LIABILITIES	**564,757**	282,969
NON-CURRENT LIABILITIES		
Rental received in advance	**326,981**	—
Convertible note	**681,000**	—
Promissory note	**105,000**	—
Bank loans — due after one year	**—**	131,110
	1,112,981	131,110
MINORITY INTERESTS	**62,011**	52,096
	(610,235)	99,763
CAPITAL AND RESERVES		
Share capital	**152,000**	1
Reserves	**(762,235)**	99,762
	(610,235)	99,763

Notes:

1. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are presented. These new HKFRSs may result in changes in the future as to how the results and financial position are presented.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

On 10th January, 2005, the Company changed its financial year end date from 31st March to 31st December. As the major subsidiaries of the Group operate in the PRC where they are required by statutes to adopt 31st December as the fiscal year end, the directors believe the change of the Company's financial year end to 31st December would facilitate the preparation of the Group's consolidated financial information.

On 5th October, 2004, Vand Petro-Chemicals (BVI) Company Ltd ("Vand Petro-Chemicals"), the Company and Mr. David An ("Mr. An"), a director and a substantial shareholder of the Company, entered into a sale and purchase agreement (the "Acquisition Agreement"). Pursuant to the Acquisition Agreement, the Company conditionally agreed to purchase Vand Petro-Chemicals' entire interest in Union Petro-Chemicals (BVI) Company Limited ("UPC") for an aggregate consideration of HK$1,040,000,000 (the "Acquisition").

The aggregate consideration for the Acquisition, which amounted to HK$1,040,000,000, was satisfied:

(a) as to HK$200,000,000, by the issue of promissory note by the Company to Vand Petro-Chemicals;

(b) as to HK$159,000,000, by the allotment and issue of 530,000,000 new shares of the Company ("Consideration Shares") by the Company to Vand Petro-Chemicals, credited as fully paid at an issue price of HK0.30 per new share; and

(c) as to the remaining HK$681,000,000, by the issue of a convertible note ("Convertible Note") by the Company to Vand Petro-Chemicals.

The Acquisition was completed in December 2004.

Vand Petro-Chemicals is wholly-owned by Mr. An and Mr. An is a director and a controlling shareholder of the Company and hence a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Acquisition constitutes a connected transaction under the Listing Rules for the Company and was approved by shareholders of the Company in an extraordinary general meeting held on 23rd December, 2004.

Under accounting principles generally accepted in Hong Kong, the Acquisition has been accounted for as a reverse acquisition because the issuance of the Consideration Shares and Convertible Note in exchange for the entire interest in UPC resulted in Vand Petro-Chemicals becoming the controlling shareholder of the Company. For accounting purposes, UPC and its subsidiaries (the "UPC Group") is treated as the acquirer while the Company and its subsidiaries (the "Hans Energy Group") is deemed to have been acquired by the UPC Group. Along this principle, these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the UPC Group and accordingly,

(a) the assets and liabilities of the UPC Group are recognised and measured at the date of Acquisition at their historical carrying values prior to the Acquisition;

(b) the share capital and share premium accounts reflect the legal equity structure of the Company. Any difference between the Company's legal equity and that of UPC is accounted for as a special reserve;

(c) the other equity balances recognised in these financial statements are the other equity balances of the UPC Group;

(d) the identifiable assets and liabilities of the Hans Energy Group were recorded in the consolidated financial statements at their fair values on the date of completion of the Acquisition. In addition, negative goodwill arising on the Acquisition of approximately HK$55,709,000 was recognised.

(e) comparative information presented is that of the UPC Group.

3. DISCONTINUED OPERATIONS

Upon the completion of the Acquisition, the Company exercised the option granted by Good Partner Trading Limited ("Good Partner") to the Company under the shareholders' agreement entered into between Good Partner, Mr. Lee Wan Keung, a director of Capital Nation Investments Limited ("Capital Nation"), a former subsidiary of the Company, and the Company on 14th June, 2002 to require Good Partner to purchase 51% of the issued share capital of Capital Nation held by the Company (the "Disposal"). Capital Nation and its subsidiaries (the "Capital Nation Group") are engaged in the manufacture and sales of paper packaging products. The aggregate consideration for the disposal, which amounted to HK$96,900,000, was satisfied:

(a) as to HK$1,900,000 by cash; and

(b) as to the remaining HK$95,000,000 by assigning to the Company the promissory note issued on 14th June, 2002 by Extreme Wise Investments Limited ("Extreme Wise"), a substantial shareholder of the Company, to Good Partner with a face amount of HK$95,000,000.

The Disposal was completed in December 2004.

As Good Partner has a 49% interest in Capital Nation, Good Partner was therefore a connected person of the Company under the Listing Rules. The Disposal constitutes a connected transaction under the Listing Rules for the Company and was approved by the shareholders of the Company in an extraordinary general meeting held on 23rd December, 2004.

On the basis of preparation of these financial statements as mentioned in note 2, the results of the Capital Nation Group for the period from the date of Acquisition to the date of Disposal is not significant.

4. TURNOVER AND SEGMENT INFORMATION

Business segment information about these businesses is presented below:

2004

	Trading of petro-chemical products *HK$'000*	Provision of transshipment and storage facilities *HK$'000*	Port income *HK$'000*	Consolidated *HK$'000*
TURNOVER				
External sales	27	168,525	23,632	192,184
RESULTS				
Segment results	27	129,027	21,031	150,085
Interest income				502
Unallocated corporate income				1,283
Unallocated corporate expenses				(15,204)
Profit from operations				136,666
Interest on bank borrowings wholly repayable within five years				(9,060)
Gain on disposal of subsidiaries				6,432
Profit before taxation				134,038
Taxation				(9,699)
Profit before minority interests				124,339
Minority interests				(9,570)
Profit for the year				114,769

2003

	Trading of petro-chemical products *HK$'000*	Provision of transshipment and storage facilities *HK$'000*	Port income *HK$'000*	Consolidated *HK$'000*
TURNOVER				
External sales	9,805	131,315	24,592	165,712
RESULTS				
Segment results	60	96,452	16,147	112,659
Interest income				7,145
Unallocated corporate income				1,013
Unallocated corporate expenses				(17,144)
Profit from operations				103,673
Interest on bank borrowings wholly repayable within five years				(9,731)
Profit before taxation				93,942
Taxation				—
Profit before minority interests				93,942
Minority interests				(7,627)
Profit for the year				86,315

Geographical Segments

The Group was engaged in the trading of petro-chemical products, provision of transshipment and storage facilities, and port income. More than 90% of the Group's turnover are located in the PRC.

5. PROFIT FROM OPERATIONS

	2004	2003
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging:		
Directors' emoluments	**968**	963
Other staff costs		
Salaries and other benefits	**12,256**	11,218
Retirement benefits scheme contributions	**468**	385
Total staff costs	**13,692**	12,566
Auditors' remuneration	**921**	186
Depreciation and amortisation	**25,355**	22,410
Loss on disposal of property, plant and equipment	**604**	1,459
Operating lease rentals in respect of land and buildings	**1,382**	1,515
and after crediting:		
Interest income from		
Banks	**502**	544
A related company	**—**	6,601
Rental income from properties, net of negligible outgoings	**337**	497

6. TAXATION

The taxation charge represents PRC Enterprise Income Tax for the year.

No Hong Kong Profits Tax was provided as the Group had no assessable profit subject to Hong Kong Profits Tax for the year.

The subsidiary in the PRC, 粵海(番禺)石油化工儲運開發有限公司 Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") is entitled to exemption from PRC Enterprise Income Tax for five years starting from its first profit-making year, followed by a 50% relief for the five years thereafter, in accordance with the approval from the PRC authority issued in 2002 regarding its port development business. The full PRC Enterprise Income Tax rate applicable to GD (Panyu) is 15% and the reduced rate is 7.5%. The first year of GD (Panyu) subject to PRC Enterprise Income Tax at the reduced rate of 7.5% commenced on 1st January, 2004.

At 31st December, 2004, the Group had unused tax losses of HK$25,132,000 (2003: HK$17,346,000) available for offset against future taxable profits. No deferred tax asset has been recognised in the financial statements due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

The taxation charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	2004	2003
	HK$'000	*HK$'000*
Profit before taxation	**134,038**	93,942
Tax at the applicable tax rate of 15%	**20,106**	14,091
Tax effect of expenses not deductible for tax purpose	**108**	86
Tax effect of income not taxable for tax purpose	**(1,075)**	(38)
Tax effect of tax losses not recognised	**260**	162
Effect of tax relief granted to a PRC subsidiary	**(9,700)**	(14,301)
Taxation charge for the year	**9,699**	—

7. DIVIDEND

	2004	2003
	HK$'000	*HK$'000*
Interim dividend paid	**50,000**	—
Proposed final dividend of 1.0 Hong Kong cent per share	**26,200**	—
	76,200	—

The above interim dividend represents dividend paid by UPC to its then shareholder prior to the Acquisition.

A final dividend of 1.0 Hong Kong cent per share for the year ended 31st December, 2004 has been proposed by the Directors and is subject to be approved by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

Under the reverse acquisition method of accounting, the 530,000,000 ordinary shares issued by the Company to Vand Petro-Chemicals to effect the Acquisition are deemed to be issued on 1st January, 2003 for the purpose of calculating the earnings per share.

The calculations of the basic and diluted earnings per share based on the share capital of the Company are as follows:

	2004	2003
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share — profit for the year	**114,769**	86,315
	Number of shares	Number of shares
Number of ordinary shares for the purposes of basic earnings per share	**551,639,344**	530,000,000
Effect of dilutive potential ordinary shares in respect of Convertible Note	**49,617,486**	—
Number of ordinary shares for the purposes of diluted earnings per share	**601,256,830**	530,000,000

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of 1.0 Hong Kong cent (2003: nil) per share, subject to approval by shareholders at the annual general meeting to be held on 23rd May, 2005. The proposed final dividend will be payable on or around 31st May, 2005 to shareholders whose names appear on the register of members of the Company on 23rd May, 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18th May, 2005 to Monday, 23rd May, 2005 both dates inclusive during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17th May, 2005.

BUSINESS RESTRUCTURING

During the year, the Company changed its long-term business strategy to become a midstream player in the energy sector, providing specialized integrated terminalling and storage services for oil and liquid petrochemical products in the PRC. The Company achieved this end by the acquisition of an oil and petrochemical storage and terminalling business in the PRC and the disposal of the paper packaging business.

On 5th October, 2004, the Company, Vand Petro-Chemicals and Mr. An entered into a sale and purchase agreement. Pursuant to the agreement, the Company conditionally agreed to purchase from Vand Petro-Chemicals its entire interest in UPC which indirectly owns 92% interest in GD (Panyu), the operator of Xiao Hu Island Terminal ("XHIT"), for a consideration of HK$1,040,000,000. The consideration was satisfied by issuing 530,000,000 new shares of HK$0.10 each at an issue price of HK$0.30, promissory note of HK$200,000,000 and convertible note of HK$681,000,000 with a conversion price of HK$0.30. The acquisition was completed on 24th December, 2004.

After the completion of the acquisition, the Company exercised its put option granted by Good Partner in June 2002 and disposed of its entire 51% interest in the paper packaging business for a consideration of HK$96,900,000. The disposal was completed on 29th December, 2004. The portion of proceeds of the disposal amounting HK$95,000,000 was used to repay partially the promissory note created in the acquisition of the UPC. After the disposal, the Group is no longer engaged in the paper packaging business and focuses itself on developing its oil and petrochemical products storage and terminal business as well as the trading of petroleum products business.

As the acquisition is financed mainly by new shares and convertible note issued to the vendor, under the accounting principles generally accepted in Hong Kong, the acquisition is accounted for as a reverse acquisition and UPC and its subsidiaries (the "UPC Group") is treated as the acquirer while the Company and its subsidiaries are deemed to be acquired by the UPC Group. Because of this reason, the following business and financial review sessions covers the results and activities of the UPC Group for the year under review.

BUSINESS REVIEW

Revenue breakdown

The following is the breakdown of major revenue items and its related percentage of the Group for the two years ended 31st December, 2004:

	2004		2003	
	HK$'000	*%*	*HK$'000*	*%*
Terminal and storage services	**142,516**	**74.2**	125,027	75.5
Transshipment services	**26,009**	**13.5**	6,288	3.8
Port income	**23,632**	**12.3**	24,592	14.8
Trading of oil or petrochemical products	**27**	**—**	9,805	5.9
	192,184	**100**	165,712	100.0

Oil and petrochemical products storage and terminalling business

The oil and petrochemical products storage and terminalling business is conducted by a sino-foreign equity joint venture in the PRC, GD (Panyu). GD (Panyu) operates XHIT, a comprehensive storage and terminal complex in Nansha Economic & Technological Development Zone, Guangdong Province, the PRC.

- *Segment results of XHIT*

  For the year ended 31st December, 2004, turnover from the provision of transshipment and storage facilities segment increased from approximately HK$131,315,000 to HK$168,525,000, representing an increase of approximately 28.34% whereas the segment profit for the same period increased from HK$96,452,000 to HK$129,027,000, representing an increase of approximately 33.77%. The increase in both turnover and segment profit is due to the full year leasing of 11 petrochemical products storage tanks built under the XHIT's expansion plan phase IV completed in second half of 2003, a jetty upgraded from 5,000 deadweight tons to 20,000 deadweight tons completed in June 2004, increase in revenue from transshipment services as well as a change in type of products stored in the tank farm.

For the year ended 31st December, 2004, turnover from port income slightly decreased approximately 3.90% from approximately HK$24,592,000 to approximately HK$23,632,000 and the segment profit increased from approximately HK$16,147,000 to approximately HK$21,031,000, representing an increase of approximately 30.25%. Port income mainly comprises the port charge of RMB15.3 for every metric ton imported oil or petrochemical products discharged at XHIT. This port charge is stated under the relevant laws and regulations of the PRC and the Group is authorized by the relevant government authorities to collect this fee on their behalf. Owing to the reason that the Group is the owner and the operator of XHIT, the Group is entitled to receive part of proceeds of port charge and recognizes them as port income. The decrease in turnover for this segment is in line with the decrease in total throughput of XHIT and the increase in segment profit is due to the change in regulations regarding payment to relevant government authorities.

- *Other operational review of XHIT*

  During the year, all of 82 storage tanks with a total capacity of 325,750 cubic metres have been operating at close to full occupancy. Meanwhile, XHIT reported 379 and 363 foreign tankers berthed and total throughput of 4,662,590 metric tons and 5,031,499 metric tons in its terminal for the two years ended 31st December, 2004. The increase in number of foreign tankers berthed in 2004 is due to the full year leasing of 11 petrochemical storage tanks built under the XHIT's expansion plan phase IV completed in second half of 2003 brought up the throughput of petrochemical products of the terminal. On the other hand, owing to the oil purchase price from international markets were much higher than that from domestic market in certain period of 2004, some of our clients of oil storage tanks reduce their oil purchase from international market and this eventually affect the throughput of oil products of the terminal in 2004. On the whole, the total throughput in XHIT in 2004 was slightly lower than that in 2003.

- *Lease contract with Sinopec Guangdong*

  Apart from having an increasing number of new contracts signed mainly with leading multinational corporations or domestic industry giant in 2004, on 29th December, 2004, the Group was successful in entering into a lease agreement with China Petroleum & Chemical Corporation, Guangdong branch ("Sinopec Guangdong") for the lease to Sinopec Guangdong oil storage tanks of having aggregate capacity of up to 241,000 cubic metres and the non-exclusive use of related transshipment, docking, loading and unloading facilities for a period of 20 years. Under this agreement, the Group is entitled to receive RMB30.0 per cubic metre of capacity leased per month and to charge for docking and related services at a pre-determined rate. Oil tanks having aggregate capacity of 68,000 cubic metres have been delivered to Sinopec Guangdong on 1st January, 2005 and the remaining oil tanks will be delivered over a period of 18 months from the date of the agreement. This agreement is beneficial to the Group because it not only guarantee the full occupation of all oil tanks and secure stable income for the next 20 years for XHIT, the Group is also benefit from having received a 5 years' rental prepayment of RMB433,000,000, equivalent to approximately HK$409 million from Sinopec Guangdong for future expansion purposes. In the meantime, this agreement signifies a long-term relationship between the Group and Sinopec Guangdong.

Trading of oil and petrochemical products business

For the year ended 31st December, 2004, the revenue and the segment results from the trading of petro-chemical products were approximately HK$27,000 and HK$27,000 respectively, compared with approximately HK$9,805,000 and HK$60,000 respectively for the year ended 31st December, 2003. The decrease in business is in line with the Group's intention to scale down the trading activity and to focus on the storage and terminalling business which the Group enjoys a higher profit margin.

Outlook and Group's plans in 2005

The Group intends to continue its long-term business strategy to become a midstream player in the energy sector, providing specialized integrated terminalling and storage services for oil and liquid petrochemical products in the PRC in 2005. To this end, the Group plans for further expansion in XHIT and engaging in the Pearl River Delta project as well as the pipeline project.

- *Expansion in XHIT*

  To cater for the increasing market demand and maintain its competitiveness within the region, XHIT has undergone several phases of expansion since it began operational in December 1995. Currently four petrochemical tanks with a total capacity of 4,700 cubic metres under XHIT's expansion plan phase V are under construction. Barring unforeseen circumstances and factors, the Group expects that this project will be completed in June this year and will bring additional revenue to the Group. At the same time, the Group has also development plans for further expansion in the site area and the capacity of the drumming warehouse situated at the XHIT, information system enhancement project targeted for improving information exchange with relevant government authorities as well as preparation for jetty upgrading.

  China is now a net oil importer and was ranked the second largest oil consumer worldwide in 2003. With the strong economy of the Pearl River Delta and its position as an industrial base, demand for oil and petrochemical products is expected to grow. The Company therefore believes XHIT will continue to command a key position in the provision of specialised integrated terminalling and storage services for oil and petrochemical products in the Pearl River Delta Region.

- *Pearl River Delta project*

  On 21st February, 2005, the Company entered into a non-binding memorandum of understanding with a PRC project company pursuant to which the Company has agreed in principle to acquire the rights, title and interest in a proposed project to build a new oil and liquid petrochemical storage facility in the Pearl River Delta in the PRC with a total storage capacity of approximately 700,000 cubic metres and 12 jetties with docking capacities ranging from 500 to 100,000 deadweight tons. With the construction of the new facilities, the Group's storage capacity will increase by approximately 215% (from 325,750 cubic metres to 1,025,750 cubic metres) and annual docking capacity will increase by approximately 166% (from 7,210,000 metric tons to 19,210,000 metric tons per annum). The Group's capital investment in the project is estimated to be around RMB500 million and 600 million. It is currently anticipated that the new facility will become operational in 2006. The Company believes that the Group's competitive strength in the Pearl River Delta region will be considerably enhanced once the facility becomes operational.

- *Pipeline project*

  In addition, the Group is in negotiations regarding an exclusive lease arrangement for an oil pipeline, jetties and storage facilities in a location outside the PRC. The pipeline has an annual maximum pumping capacity of approximately 60 million metric tons, the jetties have a maximum docking capacity of approximately 500,000 deadweight tons and the storage facility has an aggregate capacity of approximately 1.5 million cubic metres. The Group plans to sublease such facilities to oil companies and oil tankers. The Group expects the arrangement to be completed around June 2005 and the Company believes that such arrangements will give the Group a significant competitive advantage by providing customers with an attractive location for docking and storage.

FUTURE PROSPECTS

Looking forward to 2005, the Group will continue its development in its existing petrochemical terminal and storage business. Besides, the Group will continue to seek for more appropriate investment opportunities and to expand its existing petrochemical terminal and storage business. In the short-run, the Group will focus on developing the Pearl River Delta project and the project relating to pipeline, terminal and storage facilities outside the PRC. In the long-run, by the way of investing and acquisition, the Group will gradually establish its oil and liquid petrochemical terminal and storage facilities network in the Mainland China, striving to be a mid-stream player in the energy sector, and to become one of the leading integrated service provider for oil and liquid petrochemical products terminal and storage facilities in the PRC for reasonable returns to the shareholders of the Company.

FINANCIAL REVIEW

Group results

The following is the key financial figures of the Group for the two years ended 31st December, 2004:

	2004	2003	Increase
	HK$'000	*HK$'000*	
Turnover	**192,184**	165,712	15.97%
Earnings before interest and tax ("EBIT")	**136,666**	103,673	31.82%
Profit for the year	**114,769**	86,315	32.97%
Earnings per share (HK cents)	**20.81**	16.29	
Diluted earnings per share (HK cents)	**19.09**	N/A	
EBIT Margin	**71.11%**	62.56%	
Net profit margin	**59.72%**	52.08%	

For the year ended 31st December, 2004, the Group's turnover and earnings before interest and tax increased from HK$165,712,000 and HK$103,673,000 for the previous year to HK$192,184,000 and HK$136,666,000, representing increases of 15.97% and 31.82% respectively. The profit for the year reached HK$114,769,000 (2003: HK$86,315,000), an increase of 32.97% from for the previous year. The basic and diluted earnings per share for the year were 20.81 Hong Kong cents and 19.09 Hong Kong cents respectively (2003: 16.29 Hong Kong cents for basic earnings per share).

For better information to the shareholders, the Company advises that on the basis of the number of issued ordinary shares of the Company at the report date of 2,620,000,000, the pro-forma basic earnings per share of the Company for the year ended 31st December, 2004 would be 4.38 Hong Kong cents. In this circumstances that the outstanding convertible note issued by the Company with a principal amount of HK$381,000,000 were to be converted into 1,270,000,000 ordinary shares of the Company at the conversion price of HK$0.30 each, the number of issued ordinary shares of the Company would thus be increased to 3,890,000,000. On the basis of 3,890,000,000 ordinary shares which would then be in issue, the pro-forma basic earnings per share for the year ended 31st December, 2004 would be 2.95 Hong Kong cents.

Capital structure, liquidity and gearing

The Group recorded a substantial change in capital structure during the year under review owing to the acquisition and the disposal transactions. The Group had a current ratio of 1.65 and a gearing ratio of 1.61 (defined as total liabilities to total assets). The relative high gearing ratio is due to the issue of convertible note of HK$681,000,000 and promissory note of HK$200,000,000 (this figure was reduced to HK$105,000,000 at the balance sheet date) to finance the acquisition of UPC and the re-classification of the rental received in advance of approximately HK$326,981,000 as non-current liabilities. The promissory note has a medium term of 18 months and the noteholder of the promissory note cannot demand for repayment prior to the end of the term. Likewise, the convertible note has a medium to long term, with a 5-year maturity and no demand for repayment of principal from the noteholder of the convertible note is allowed before maturity. The Group had a bank loan of approximately HK$160,174,000 which are Renminbi denominated and secured on various assets of the Group. All of the bank loans are repayable within one year and was classified as current liabilities. The net liabilities position of the Group was at approximately HK$610,235,000.

As at 31st December, 2004, the Group had a cash balance of approximately HK$505,892,000 of which included a five year rental prepayment of approximately HK$408,726,000. Most of the funds were held in Hong Kong dollars, Renminbi and United States dollars.

Funding policy

The Group has set up credit facilities in the amount of approximately RMB400,000,000, approximately RMB300,000,000 of which is for long term and the remaining for short term borrowing. These facilities are available until March 2005 and the Group intends to renew such facilities upon its expiry.

Exposure to fluctuation in exchanges rate and related hedge

The Group's transactions and monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As a result, the Group believes that it has minimal exposure to foreign exchange risk. During the period under review, the Group did not employ any financial instruments for hedging purpose.

Charge on Group assets

As at 31st December, 2004, property, plant and equipment of approximately HK$306,249,000 and bank deposits of approximately HK$8,523,000 were pledged against banking facilities granted by certain banks. In addition, the rights to operate storage and terminal business in the PRC and the 92% interest in GD (Panyu) were pledged to certain banks for the year under review in order to secure banking facilities granted by the banks.

Capital commitments and contingent liabilities

As at 31st December, 2004, the Group had capital commitments in the amount of approximately HK$11,587,000 in respect of contract in progress. These capital commitments were mainly related to unpaid contract sum in respect of construction contracts regarding the construction of four new petrochemical storage tanks signed prior to the balance sheet date.

Other than a guarantee given to a supplier of a subsidiary for trade credit granted, at 31st December, 2004, the Group has no other material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2004, the Group had a workforce of 232 employees, 217 of which worked for the terminal. Every year, the Group devises a budget which states the 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 not limited to retirement, medicine, industrial injury and layoff 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.

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

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Li Wai Keung, Mr. Liu Jian and Mr. Liu Wei. The principal activities of the Audit Committee include the review of the accounting principles and practices adopted by the Group and discussion relating to auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements and audited annual results.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31st December, 2004, in compliance with the Code of Best Practice (the "Code") as set out in the Listing Rules except that the existing non-executive directors of the Company were not appointed for a specific term as required by paragraph 7 of the Code but are subject to retirement by rotation in accordance with the Company's Articles of Association.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")as a code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31st December, 2004 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

POST BALANCE SHEET EVENTS

The following significant events occurred after the balance sheet date:

(a) On 11th March, 2005, Extreme Wise, Mr. An and the Company entered into a placing agreement (the "Placing") with a placing agent for the placing of an aggregate of 500,000,000 existing shares of HK$0.10 each in the Company held by Extreme Wise at a price of HK$1.0 per share. Extreme Wise also entered into a subscription agreement (the "Subscription") to subscribe for an aggregate of 100,000,000 new shares in the Company at a price of HK$1.0 per share. Details of these transactions are set out in an announcement made by the Company on 11th March, 2005. The Placing and Subscription were completed on 15th March, 2005 and 24th March, 2005 respectively.

(b) On 15th March, 2005, Vand Petro-Chemicals exercised its right to convert part of the Convertible Note with a principal amount of HK$300,000,000 for the issue of 1,000,000,000 ordinary shares of HK$0.10 each in the Company at the conversion price of HK$0.30 each.

OTHER MATTER

The Company is pleased to inform the shareholders that the profit forecast relating to the UPC Group set out in the Company's circular dated 7th December, 2004 is met.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information of the annual results of the Group for the year ended 31st December, 2004 as required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules (in force prior to 31st March, 2004, which remain applicable to results announcement in respect of accounting period commencing before 1st July 2004 under the transitional arrangement) will be published on the Stock Exchange's website (*www.hkex.com.hk*) in due course.

As at the date of this announcement, the executive Directors are Mr. David An, Ms. Feng Ya Lei, Mr. Zhou Nan Zheng and Ms. Kwan Po Wan and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Liu Jian and Mr. Liu Wei.

By Order of the Board
David An
Chairman

Hong Kong, 25th April, 2005

Please also refer to the published version of this announcement in the ***(The Standard)***