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 2010

The Board of Directors (the "Directors") of Hans Energy Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in Hong Kong dollars)

	Note	**2010** **$'000**	2009 $'000
Turnover	*3*	**159,615**	158,944
Cost of sales		**(55,052)**	(50,343)
Gross profit		**104,563**	108,601
Other net income	*4*	**2,222**	1,579
Administrative expenses		**(42,561)**	(43,142)
Profit from operations		**64,224**	67,038
Finance costs	*5(a)*	**(679)**	-
Profit before taxation	*5*	**63,545**	67,038
Income tax	*6*	**(20,738)**	(19,085)
Profit for the year		**42,807**	47,953
Attributable to:			
Equity shareholders of the Company		**37,020**	41,746
Non-controlling interests		**5,787**	6,207
Profit for the year		**42,807**	47,953
Earnings per share	*7*		
- basic		**0.99 cents**	1.12 cents
- diluted		**0.99 cents**	1.12 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in Hong Kong dollars)

	2010	2009
	$'000	*$'000*
Profit for the year	**42,807**	47,953
Other comprehensive income for the year		
Exchange differences on translation of financial statements of subsidiaries	**21,988**	867
Total comprehensive income for the year	**64,795**	48,820
Attributable to:		
Equity shareholders of the Company	**57,245**	42,544
Non-controlling interests	**7,550**	6,276
Total comprehensive income for the year	**64,795**	48,820

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2010
(Expressed in Hong Kong dollars)

	Note	**2010**	2009
		$'000	*$'000*
Non-current assets			
Fixed assets			
- Property, plant and equipment		**284,378**	258,046
- Construction in progress		**1,418,758**	976,598
- Interests in land held for own use under operating leases		**19,060**	19,921
Prepayments for construction costs		**21,176**	34,056
Intangible assets		**2,993**	3,180
		1,746,365	1,291,801
Current assets			
Interest in land held for own use under operating leases		**1,554**	1,502
Inventories - consumable parts		**3,462**	2,900
Trade and other receivables	*9*	**72,104**	8,947
Cash and cash equivalents		**76,429**	342,421
		153,549	355,770
Current liabilities			
Other payables and accruals		**99,989**	108,161
Deferred revenue		**3,634**	38,527
Bank loans	*10*	**10,200**	397,502
Current taxation		**5,694**	4,707
		119,517	548,897
Net current assets/(liabilities)		**34,032**	(193,127)
Total assets less current liabilities		**1,780,397**	1,098,674
Non-current liabilities			
Deferred tax liabilities		**7,420**	7,977
Bank loans	*10*	**1,116,469**	499,592
		1,123,889	507,569
Net assets		**656,508**	591,105
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**229,127**	171,274
Total equity attributable to equity shareholders of the Company		**602,391**	544,538
Non-controlling interests		**54,117**	46,567
Total equity		**656,508**	591,105

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital $'000	Share premium $'000	Special reserve $'000	Translation reserve $'000	PRC statutory reserve $'000	Share-based compensation reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2009	373,264	710,477	(251,428)	54,817	31,947	6,182	(426,894)	498,365	40,291	538,656
Changes in equity for 2009:										
Profit for the year	-	-	-	-	-	-	41,746	41,746	6,207	47,953
Other comprehensive income	-	-	-	798	-	-	-	798	69	867
Total comprehensive income	-	-	-	798	-	-	41,746	42,544	6,276	48,820
Equity settled share-based transaction	-	-	-	-	-	3,629	-	3,629	-	3,629
Balance at 31 December 2009 and 1 January 2010	**373,264**	**710,477**	**(251,428)**	**55,615**	**31,947**	**9,811**	**(385,148)**	**544,538**	**46,567**	**591,105**
Changes in equity for 2010:										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**37,020**	**37,020**	**5,787**	**42,807**
Other comprehensive income	**-**	**-**	**-**	**20,225**	**-**	**-**	**-**	**20,225**	**1,763**	**21,988**
Total comprehensive income	**-**	**-**	**-**	**20,225**	**-**	**-**	**37,020**	**57,245**	**7,550**	**64,795**
Equity settled share-based transaction	**-**	**-**	**-**	**-**	**-**	**608**	**-**	**608**	**-**	**608**
Balance at 31 December 2010	**373,264**	**710,477**	**(251,428)**	**75,840**	**31,947**	**10,419**	**(348,128)**	**602,391**	**54,117**	**656,508**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Hong Kong dollars)

1. Significant accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*
- HK(Int) 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a repayment on Demand Clause*

The issuance of HK(Int) 5 has had no material impact on the Group's financial statements as the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - Contingent consideration will be measured at fair value at the acquisition date. Any subsequent changes in the measurement of that contingent consideration will be recognised in profit or loss, unless they arise from obtaining additional information about facts and circumstances that existed at the acquisition date within 12 months from the date of acquisition (in which case they will be recognised as an adjustment to the cost of the business combination). Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. All subsequent changes in the measurement of contingent consideration and from its settlement were previously recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets, will be recognised in profit or loss, rather than as an adjustment to goodwill.

  - In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

  In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

    - Any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interest in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

    - If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognized as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group's accounting policy is to treat such transactions as step up transactions and partial disposals, respectively.

    - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

  In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- HK(IFRIC) 17 requires distribution of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group's accounting policy is to measure such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

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

3. Turnover

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

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

	2010	2009
	$'000	*$'000*
Port income	**6,804**	8,975
Storage and transshipment income	**152,811**	149,969
	159,615	158,944

In 2010, the Group has two customers (2009: one) with whom transactions have exceeded 10% of the Group's revenues. In 2010, revenues from provision of storage and transshipment services to these customers, including revenues from entities which are known to the Group to be under common control with these customers, amounted to approximately $111 million (2009: $92 million).

4. Other net income

	2010	2009
	$'000	*$'000*
Interest income	**1,419**	683
Net foreign exchange loss	**(436)**	(40)
Others	**1,239**	936
	2,222	1,579

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2010	2009
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans	**55,108**	24,381
Less: Borrowing costs capitalised as construction in progress	**(54,429)**	(24,381)
	679	-

The borrowing costs during 2010 have been capitalised at a rate of 4.86% - 5.58% per annum (2009: 4.86% - 5.18% per annum) for construction in progress.

	2010	2009
	$'000	*$'000*
(b) Staff costs:		
Contributions to defined contribution retirement plan	**1,179**	1,226
Salaries, wages and other benefits	**32,578**	28,253
Equity-settled share based payments	**608**	3,629
Total staff costs	**34,365**	33,108
(c) Other items:		
Depreciation and amortisation	**29,411**	28,175
Auditors' remuneration		
- audit services	**1,180**	1,180
- review services	**380**	380
(Gain)/loss on disposals of property, plant and equipment	**(32)**	12
Operating lease charges - buildings	**3,794**	3,788
Charitable donations	**613**	-

6. Income tax

Taxation in the consolidated income statement represents:

	2010	2009
	$'000	*$'000*
Current tax - PRC Enterprise Income Tax for the year	**21,552**	18,923
Deferred tax – origination and reversal of temporary differences	**(814)**	162
	20,738	19,085

Notes:

(i) No Hong Kong Profits Tax was provided as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2009: Nil).

(ii) Pursuant to the approval from the PRC authority issued in 2002 regarding port operating business, one of the subsidiaries in the PRC, Guangdong (Panyu) Petrochemical Storage & Transportation Ltd. ("GD (Panyu)") has been granted certain tax relief whereby the profit for the five years starting from its first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent five years is taxed at 50% of the prevailing tax rate set by the local tax authority. The PRC Enterprise Income Tax rate applicable to GD (Panyu) was 15%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new CIT Law") which takes effect on 1 January 2008. Under the new CIT Law and in accordance with the implementation rules and notices issued by the State Council and the State Administration of Taxation (collectively "Implementation Rules"), an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the new CIT Law is subject to a transitional tax rate beginning in 2008 ("Transitional Tax Rate") before the new corporate income tax rate of 25% applies. For companies currently enjoying a reduced tax rate of 15%, the Transitional Tax Rate is 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 onwards respectively. Under the grandfathering treatments of the new CIT Law, GD (Panyu), which has not fully utilised its five-year tax relief upon the implementation of the new CIT Law, is allowed to receive the tax relief during the five year grandfathering period. The applicable tax rate of GD (Panyu) for the year ended 31 December 2010 was 22% (2009: 20%).

In addition, under the new CIT Law, dividends paid by a foreign-invested enterprise to its foreign investors are subject to withholding tax at a rate of 10% unless reduced by treaty. Under the grandfathering treatments, undistributed profits of a foreign-invested enterprise as at 31 December 2007 are exempted from withholding tax.

At 31 December 2010, temporary differences relating to the undistributed profits of the Group's foreign invested enterprise amounted to $227,456,000 (2009: $154,111,000). Deferred tax liabilities of $11,373,000 (2009: $7,706,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of the foreign-invested enterprise and the directors have determined that the profits will not be distributed in the foreseeable future.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $37,020,000 (2009: $41,746,000) and the weighted average of 3,732,638,000 ordinary shares (2009: 3,732,638,000 ordinary shares) in issue during the year.

The diluted earnings per share is the same as the basic earnings per share for the years ended 31 December 2009 and 2010 as the outstanding share options are anti-dilutive.

8. Segment reporting

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

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

- Dongzhou International Terminal ("DZIT"): this segment represents the Group's provision of terminal, transshipment and storage activities to be carried out in Dongguan, PRC. DZIT is currently under construction and is scheduled to commence its business operations in 2011.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in subsidiaries and other corporate assets. Segment liabilities include other payable and accruals, deferred revenue and current taxable payable 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 sales 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 is "profit from operations" i.e. "adjusted earnings before finance costs and taxes". To arrive at "profit from operations", the Group's earnings 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 from operations, management is provided with segment information concerning revenue, interest income, finance costs and additions to non–current segment assets.

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 2010 and 2009 is set out below.

	XHIT	
	2010	2009
	$'000	*$'000*
Reportable segment revenue	**159,615**	158,944
Reportable segment profit from operations	**94,457**	98,633
Interest income	**1,405**	666
Finance costs	**(492)**	-

DZIT is under construction and not yet commenced its business operations as at 31 December 2010 and accordingly, no segment information regarding the segment's revenue, profit from operations, interest income and finance costs for the years ended 31 December 2010 and 2009 are presented.

	XHIT		DZIT		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Reportable segment assets	**1,401,906**	1,136,924	**1,280,584**	1,034,069	**2,682,490**	2,170,993
Reportable segment liabilities	**1,155,101**	956,915	**872,519**	639,724	**2,027,620**	1,596,639
Additions to non-current segment assets during the year ended 31 December	**124,733**	16,033	**294,388**	445,155	**419,121**	461,188

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

	2010	2009
	$'000	*$'000*
Revenue		
Reportable segment revenue	**159,615**	158,944
Consolidated turnover	**159,615**	158,944
Profit		
Reportable segment profit from operations	**94,457**	98,633
Unallocated other net income	**450**	27
Unallocated head office and corporate expenses	**(31,362)**	(31,622)
Consolidated profit before taxation	**63,545**	67,038

	2010	2009
	$'000	*$'000*
Assets		
Reportable segment assets	**2,682,490**	2,170,993
Elimination of inter-segment receivables	**(803,443)**	(548,359)
	1,879,047	1,622,634
Unallocated head office and corporate assets	**20,867**	24,937
Consolidated total assets	**1,899,914**	1,647,571
Liabilities		
Reportable segment liabilities	**2,027,620**	1,596,639
Elimination of inter-segment payables	**(803,443)**	(548,359)
	1,224,177	1,048,280
Unallocated head office and corporate liabilities	**19,229**	8,186
Consolidated total liabilities	**1,243,406**	1,056,466

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets, non–current prepayments ("specified non–current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non–current assets is based on the physical location of the asset.

	Revenues from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**-**	-	**3,610**	4,086
PRC (excluding Hong Kong)	**159,615**	158,944	**1,742,755**	1,287,715
	159,615	158,944	**1,746,365**	1,291,801

9. Trade and other receivables

	2010	2009
	$'000	*$'000*
Trade receivables	**72,733**	10,824
Less: Allowance for doubtful debts (note 9(b))	**(6,131)**	(5,925)
	66,602	4,899
Prepayments and other receivables	**5,502**	4,048
	72,104	8,947

(a) Trade receivables that are not impaired

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.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2010	2009
	$'000	*$'000*
Neither past due nor impaired	**66,486**	4,667
Less than 1 month past due	**116**	232
	66,602	4,899

Receivables that were past due but not impaired relate to an independent customer that has good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is considered fully recoverable. The Group does not hold any collateral over this balance.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables 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 receivables directly.

At 31 December 2010, the Group's trade receivables of $6,131,000 (2009: $5,925,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts of $6,131,000 (2009: $5,925,000) were recognised. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful debts during the year represents the effect of change in exchange rates.

10. Bank loans

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

	2010	2009
	$'000	*$'000*
Current liabilities		
Current portion of bank loans	**2,400**	397,502
Non-current portion of bank loans repayable on demand	**7,800**	-
	10,200	397,502
Non-current liabilities		
Bank loans	**1,116,469**	499,592
	1,126,669	897,094

All of the non-current bank loans, including the non-current portion of bank loans repayable on demand, are carried at amortised cost. None of these non-current bank loans is expected to be settled within one year.

(b) At 31 December 2010, the bank loans are due for repayment as follows:

	2010	2009
	$'000	*$'000*
Within 1 year or on demand	**2,400**	397,502
After 1 year but within 2 years	**590,015**	204,430
After 2 years but within 5 years	**108,821**	295,162
After 5 years	**425,433**	-
	1,124,269	499,592
	1,126,669	897,094

(c) At 31 December 2010, the bank loans are secured as follows:

	2010	2009
	$'000	*$'000*
Bank loans		
- secured	**1,116,469**	669,950
- unsecured	**10,200**	227,144
	1,126,669	897,094

(d) At 31 December 2010, the Group had banking facilities totalling $2,218,953,000 (2009: $750,218,000), of which $1,116,469,000 (2009: $738,218,000) were secured by certain of the Group's future non–cancellable operating lease receivables. The facilities were utilized to the extent of $1,116,469,000 (2009: $669,950,000).

Certain of the Group's banking facilities of $402,000,000 (2009: $12,000,000) are subject to the fulfilment of covenants relating to the Group's net asset position as well as minimum shareholding of the controlling shareholder of the Company, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. In addition, one of the Group's bank loan agreements contains clauses which give the lender the right at its sole discretion to demand immediate repayment at anytime irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and is up to date with the scheduled repayments of bank loans. The Group does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 December 2010, drawn down of $10,200,000 was made to the facilities (2009: $Nil) and none of the covenants relating to drawn down facilities had been breached (2009: $Nil).

11. Equity settled share-based transactions

Pursuant to an ordinary resolution passed on 16 December 2002, the Company adopted a share option scheme (the "scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are available to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The scheme remains in force for a period of 10 years from adoption of such scheme and expires on 15 December 2012.

On 7 May 2008, the Board approved to grant options in respect of 72,400,000 ordinary shares to the Company's directors and senior management under the scheme. The options outstanding at 31 December 2010 had an exercise price of $0.5 and a weighted average remaining contractual life of 0.35 years. The exercise periods for the above options granted under the scheme shall end not later than 3 years from 7 May 2008. Options were granted under a market condition. The share options can only be exercised when the market price of the shares of the Company is $1.2 per share or above. This condition has been taken into account in the grant date fair value measurement.

No share options were granted or exercised under the scheme during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The operational results of oil and petrochemical terminal located in Xiao Hu Island of Nansha, Panyu, Guangdong Province in the PRC ("XHIT") were as follows:

Operational statistics	2010	2009	Change
Number of vessels visited			
- foreign	**221**	251	-12.0%
- domestic	**709**	614	+15.5%
Number of trucks served to pick up cargoes	**17,859**	17,982	-0.7%
Number of drums filled	**39,711**	34,883	+13.8%
Transshipment volume (metric ton)			
- oils	**7,912**	3,584	+120.8%
- petrochemicals	**152,315**	165,341	-7.9%
Port jetty throughput (metric ton)	**1,352,000**	1,555,900	-13.1%
Tank farm throughput (metric ton)	**1,695,000**	1,880,000	-9.8%

XHIT continues to contribute the major source of revenue to the Group. During the year, the port throughput continued to drop. It was attributable to the drop in goods flow across the south China region that resulted in the decrease of volume of imported fuel oil in XHIT by 100% as compared to last year. In addition, the number of foreign tankers berthed in 2010 was still hampered by the hanging-high international oil price as compared to domestic retail price. Fortunately, the number of domestic vessels visited and drums filled and transshipment volume of oils had been improved in 2010. Besides, XHIT storage tanks maintained close to 100% lease-out rate throughout the year.

Segment results

The Group's reportable operating segments represent XHIT and Dongzhou International Terminal ("DZIT"). Both segments lease oil and petrochemical tanks and provide terminal and transshipment services to generate storage and transshipment income and port income. However, DZIT has not yet commenced its business operations as at 31 December 2010. As such, the reportable segment profit from operations solely represented the profit from XHIT during the year.

The breakdown of turnover of XHIT is as follows:

	2010		2009	
	HK$'000	*%*	*HK$'000*	*%*
Terminal, storage and transshipment services	**152,811**	**95.7**	149,969	94.4
Port income	**6,804**	**4.3**	8,975	5.6

During the year, the turnover from the provision of terminal, storage and transshipment facilities increased by 1.9% from HK$150.0 million to HK$152.8 million. It was mainly attributable to the increase in pipeline transmission fee and other terminal operating income collected during the year. On the other hand, the turnover from port income recorded a decrease of 24.2% from HK$9.0 million to HK$6.8 million, the slide was in line with the decrease in port throughput during the year.

The Group recorded a decrease of segment profit by 4.2% from HK$98.6 million to HK$94.4 million in 2010. The decrease was attributable to the decrease of port income.

OUTLOOK

The PRC economy came out from the aftermath of financial tsunami after the various government efforts in investment stimuli and lucrative liquidity policy. The measures to stimulate domestic consumption in the PRC drove the demand of oil. Tackling inflation will be one of the most important tasks for the China government in 2011. Despite the USA economy did not rebound strongly as expected notwithstanding its second wave of Quantitative Easing Program, it was generally recognised that modest recovery would be on its way. In Europe, economies however did not give any positive sign. The recent uproars in North Africa and the Middle East casted enormous concerns and uncertainties to the world economy in 2011.

• XHIT Liquid Terminal Business

With the term leases in medium to long terms, we expect the lease-out rate of XHIT storage tanks to maintain at high level of 90%. With the issuance of permit to operate the XHIT 20,000 dwt port jetty in July 2010, the throughput capacity and receiving abilities will be increased. We are conservatively optimistic in XHIT operations for the year 2011.

• XHIT Solid Warehousing Centre

In Xiao Hu Island, Panyu, the construction of the warehousing and logistic centre for solid chemicals has been completed and the facilities have started operations upon obtained the provisional operating permit in early January 2011. The centre with a floor area of 35,000 square metres is mean to capture the business opportunity of new safety requirements in dangerous goods caretaking industry in Pearl River Delta. It is expected that the centre will have 80% utilization in the first year of operation.

• DZIT project

The construction of Dongguan port jetty, the operating equipment installation and storage tanks erection have been substantially completed. In January 2011, the port has been granted with the provisional operating licence for cargoes handled through temporarily. Fees will be earned for transshipment of goods. The tank farm has gone through various relevant government bureaus check and examinations and it is expected to complete all the examination process in first quarter of 2011 and the provisional operating licence will be granted accordingly. The leasing order book for the storage tanks has been mostly filled. Some oil tank customers are now in waiting list and the management is seriously considering to start building more tanks to cater the demand.

• Taishan Crude Oil Terminal project ("TSOT")

Despite the PRC government has indicated its policy of encouraging the involvement of private sector to participate in national oil reserves in the country, detailed guidelines for execution have yet been issued. The preparation works for the development of the TSOT have been started and we shall apply with all relevant authorities for approval once the government issues the official guidelines.

FINANCIAL REVIEW

During the year, the Group's turnover amounted to HK$159.6 million (2009: HK$158.9 million), representing a slight increase of 0.4%. It was driven by the increase in pipeline transmission fee and other terminal operating fee income collected during the year. However, the drop in gross margin from 68.3% to 65.5% was attributable to the increase of operating costs in XHIT, particularly the increase of fuel oil and steam consumption for the terminal, and the recognition of depreciation and amortization for XHIT No.2 port jetty started from July 2010. In 2010, profit attributable to equity shareholders declined to HK$37.0 million (2009: HK$41.7 million), representing a decrease of 11.3%. EBIT and EBITDA for the year were HK$64.2 million (2009: HK$67.0 million) and HK$93.6 million (2009: HK$95.2 million) respectively. The basic and diluted earnings per share for the year were 0.99 Hong Kong cents (2009: 1.12 Hong Kong cents). The drop was mainly attributable to the increase of operating costs in XHIT and the increase of income tax rate of GD (Panyu) from 20% to 22% as a result of the implementation of the Transitional Tax Rate Policy.

	2010 ***HK$'000***	2009 *HK$'000*	Changes *%*
Turnover	**159,615**	158,944	+0.4
Gross profit	**104,563**	108,601	-3.7
Earnings before interest and tax ("EBIT")	**64,224**	67,038	-4.2
Profit attributable to equity shareholders of the Company	**37,020**	41,746	-11.3
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**93,635**	95,213	-1.7
Gross margin	**65.5%**	68.3%	
Net profit margin	**23.2%**	26.3%	
Basis earnings per share (HK cents)	**0.99**	1.12	-11.6
Diluted earnings per share (HK cents)	**0.99**	1.12	-11.6

Capital structure, liquidity and gearing

As at 31 December 2010, the Group's total cash and cash equivalents amounted to approximately HK$76.4 million (31 December 2009: HK$342.4 million). Most of the funds were held in Hong Kong dollar, Renminbi yuan ("RMB") and US dollar. The cash position dropped due to the payments made for construction of solid chemical warehousing and logistic centre in Xiao Hu Island as well as construction and facility installation for DZIT carried out in 2010.

As at 31 December 2010, the current ratio was 1.28 (31 December 2009: 0.65). The improvement was related to the draw down of the long-term banking facilities made available to the Group during the year. Such arrangement turned the net current liabilities position as at 31 December 2009 to the net current assets position as at the balance sheet date.

The Group's gearing ratio as at 31 December 2010 was 1.89 (31 December 2009: 1.79) (defined as total liabilities to total equity). The increase was attributable to the draw down of the banking facilities made available to the Group to finance the DZIT capital expenditure during the year.

Financial resources

The current cash reserves and recurrent operating cash flow is sufficient for the daily requirements for current operations. The Group has successfully arranged external bank loan financing for development of new businesses and construction of the solid chemical warehousing and logistic centre in Xiao Hu Island and DZIT expansion. 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 approximately HK$1,127 million as at 31 December 2010 (2009: HK$897 million). During the year, the borrowing costs capitalized as construction in progress was HK$54.4 million (2009: HK$24.4 million) and the finance cost charged to profit and loss was approximately HK$679,000 (2009: HK$Nil).

Taxation

The Group had no assessable profit subject to Hong Kong Profits Tax for the year. On the other hand, GD (Panyu), the PRC subsidiary of the Group, is subject to the transitional tax rate of 22% for the year ended 31 December 2010 under the new Corporate Income Tax Law of the PRC.

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. The management is of the opinion that the Group's exposure to foreign exchange rate risks is not significant, and hedging by means of derivative instruments is considered unnecessary.

Charge on group assets

Certain of the Group's future non-cancellable operating lease receivables have been collateralized for long-term banking facilities. Apart from this, as at 31 December 2010, none of the assets of the Group was pledged.

Capital commitment

At 31 December 2010, 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$34 million (2009: HK$184 million). In the meanwhile, 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$161 million (2009: HK$301 million) as at the balance sheet date.

Contingent liabilities

At 31 December 2010, the Company has issued financial guarantees to banks in respect of banking facilities granted to its subsidiaries. The directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company under the guarantee is HK$10.2 million (2009: HK$Nil) as at the balance sheet date.

Employees and remuneration policy

At 31 December 2010, the Group had a workforce of approximately 400 people (2009: 290). Salaries of employees are maintained at competitive level with reference to the relevant market and are performance driven.

Final dividend

The directors do not recommend any final dividend for the year ended 31 December 2010 (2009: Nil).

CORPORATE GOVERNANCE

The Company is committed to a high standard of corporate governance practices appropriate to the conduct and growth of its business in compliance with the principles and code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices ("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"), except for deviations from Code Provision A.4.1 which is explained below.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Although the independent non-executive directors do not have a specific term of appointment, all the existing directors of the Company retire by rotation at least once every three years pursuant to Article 116.

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 the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2010.

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 2010, the Group had a workforce of approximately 400 (2009: 290) employees, 390 (2009: 270) 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 2010 has been reviewed by the Audit Committee of the Company.

On behalf of the Board
David An
Chairman

Hong Kong, 23 March 2011

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. Liu Jian and Mr. Chan Chun Wai, Tony.

website : www.hansenergy.com