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 2008

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 2008 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008
(Expressed in Hong Kong dollars)

	Note	**2008** **$'000**	2007 $'000
Turnover	*3*	**165,166**	160,286
Cost of sales		**(52,392)**	(47,595)
Gross profit		**112,774**	112,691
Other net income	*4*	**3,851**	5,226
Administrative expenses		**(44,135)**	(32,480)
Profit from operations		**72,490**	85,437
Finance costs	*5(a)*	**–**	(7,135)
Profit before taxation	*5*	**72,490**	78,302
Income tax	*6*	**(8,972)**	(6,986)
Profit for the year		**63,518**	71,316
Attributable to:			
Equity shareholders of the Company		**56,395**	64,014
Minority interests		**7,123**	7,302
Profit for the year		**63,518**	71,316
Earnings per share	*7*		
– basic		**1.51 cents**	2.07 cents
– diluted		**1.51 cents**	1.91 cents

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**280,834**	290,689
– Construction in progress		**509,716**	249,196
– Interests in land held for own use under operating leases		**21,389**	21,350
Prepayments for acquisition of land use rights		**25,695**	–
Prepayments for construction costs		**14,828**	11,504
Intangible assets		**3,380**	1,979
		855,842	574,718
Current assets			
Interests in land held for own use under operating leases		**1,500**	1,619
Inventories – consumable parts		**3,193**	2,679
Trade and other receivables	9	**7,364**	13,491
Tax recoverable		**–**	176
Cash and cash equivalents		**230,031**	323,284
		242,088	341,249
Current liabilities			
Other payables and accruals		**79,381**	39,727
Deferred revenue	10	**95,471**	91,085
Amount due to a related company		**–**	1,525
Current taxation		**2,125**	–
		176,977	132,337
Net current assets		**65,111**	208,912
Total assets less current liabilities		**920,953**	783,630
Non-current liabilities			
Deferred revenue	10	**34,318**	118,509
Deferred tax liabilities		**7,803**	6,861
Bank loans	11	**340,176**	213,584
		382,297	338,954
Net assets		**538,656**	444,676
Capital and reserves			
Share capital		**373,264**	373,264
Reserves		**125,101**	40,272
Total equity attributable to equity shareholders of the Company		**498,365**	413,536
Minority interests		**40,291**	31,140
Total equity		**538,656**	444,676

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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 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 2008 comprise the Company and its subsidiaries.

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 a number of new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and Company.

These HKFRSs developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

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:

	2008	2007
	$'000	*$'000*
Port income	**11,867**	10,681
Storage and transshipment income	**153,299**	149,605
	165,166	160,286

4 OTHER NET INCOME

	2008	2007
	$'000	*$'000*
Interest income	**1,711**	3,683
Rental receivable from investment properties less direct outgoings of $Nil (2007: $130,668)	**–**	488
Net foreign exchange gain	**1,062**	254
Others	**1,078**	801
	3,851	5,226

5 PROFIT BEFORE TAXATION

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

		2008	2007
		$'000	*$'000*
(a)	Finance costs:		
	Interest on convertible notes	**–**	7,135
	Interest on bank loans	**16,429**	1,473
	Less: Borrowing costs capitalised as construction in progress	**(16,429)**	(1,473)
		–	7,135

The borrowing costs during 2008 have been capitalised at a rate of 5.18% – 6.97% per annum (2007: 6.89% – 6.97% per annum) for construction in progress.

		2008	2007
		$'000	*$'000*
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**966**	818
	Salaries, wages and other benefits	**24,527**	20,251
	Equity settled share-based payments	**6,182**	–
	Total staff costs	**31,675**	21,069

		2008	2007
		$'000	*$'000*
(c)	Other items:		
	Charitable donations	**3,353**	–
	Depreciation and amortisation	**29,218**	26,880
	Auditors' remuneration		
	– audit services	**1,180**	1,180
	– review services	**380**	368
	Net foreign exchange gain	**(1,062)**	(254)
	(Gain)/loss on disposals of fixed assets	**(511)**	941
	Operating lease charges: minimum lease payments – buildings	**5,628**	2,861

6 TAXATION

Taxation in the consolidated income statement represents:

	2008	2007
	$'000	*$'000*
Current tax – PRC Enterprise Income Tax for the year	**8,461**	5,614
Tax refund *(note (iii))*	**–**	(4,314)
Deferred tax – origination and reversal of temporary differences	**511**	5,686
	8,972	6,986

Notes:

(i) No Hong Kong Profits Tax was provided as the Group sustained a loss for Hong Kong Profits Tax purposes for the year (2007: 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 full PRC Enterprise Income Tax rate applicable to GD (Panyu) is 15% and the reduced rate is 7.5% for the year ended 31 December 2007.

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. Accordingly, the applicable tax rate of GD (Panyu) for the year ended 31 December 2008 is 9%. The tax relief of GD (Panyu) ended at 31 December 2008. The new applicable tax rates for future years have been applied in the measurement of GD (Panyu)'s deferred tax liabilities as at 31 December 2008.

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.

(iii) During 2007, pursuant to notices issued by the local tax bureau, PRC income tax of $4,314,000 was refunded to GD (Panyu)'s foreign investor in relation to the reinvestment of profits in the PRC in accordance with the relevant tax rules and regulations.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $56,395,000 (2007: $64,014,000) and the weighted average of 3,732,638,000 (2007: 3,085,579,063) ordinary shares in issue during the year, calculated as follows:

	2008 Number of shares *'000*	2007 Number of shares *'000*
Issued ordinary shares at 1 January	**3,732,638**	2,477,146
Effect of shares repurchased	**–**	(13,403)
Effect of issue of shares on exercise of convertible notes	**–**	621,836
Weighted average number of ordinary shares at 31 December	**3,732,638**	3,085,579

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $56,395,000 (2007: $71,149,000) and the weighted average number of ordinary shares of 3,732,638,000 (2007: 3,733,743,447), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2008	2007
	$'000	*$'000*
Profit attributable to ordinary equity shareholders (basic)	**56,395**	64,014
Effect of effective interest on the liability component of convertible notes	**–**	7,135
Profit attributable to ordinary equity shareholders (diluted)	**56,395**	71,149

(ii) Weighted average number of ordinary shares (diluted)

	2008	2007
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**3,732,638**	3,085,579
Effect of conversion of convertible notes	**–**	648,164
Weighted average number of ordinary shares (diluted) at 31 December	**3,732,638**	3,733,743

The diluted earnings per share for the year ended 31 December 2008 is the same as the basic earnings per share as the inclusion of the effect of outstanding share options would have an anti-dilutive effect on the earnings per share.

8 SEGMENT REPORTING

Business segments

For management purposes, the Group's operations are organised into two operating divisions, namely, provision of transshipment and storage facilities and port income. These divisions are the basis on which the Group reports its primary segment information.

Business segment information about these businesses are presented below:

2008

	Provision of transshipment and storage facilities *$'000*	Port income *$'000*	Consolidated *$'000*
Turnover			
External sales *(note 3)*	153,299	11,867	165,166
Results			
Segment results	101,718	11,056	112,774
Interest income *(note 4)*			1,711
Unallocated corporate income			2,140
Unallocated corporate expenses			(44,135)
Profit before taxation			72,490
Income tax *(note 6)*			(8,972)
Profit for the year			63,518
Assets			
Segment assets	341,955	1,070	343,025
Unallocated corporate assets			754,905
Total assets			1,097,930
Liabilities			
Segment liabilities	130,486	272	130,758
Unallocated corporate liabilities			428,516
Total liabilities			559,274
Other information			
Capital expenditure	269,417	–	269,417
Depreciation and amortisation			
– Segment depreciation and amortisation	28,121	–	28,121
– Unallocated depreciation and amortisation			1,097
Total depreciation and amortisation			29,218
Gain on disposals of fixed assets	511	–	511

2007

	Provision of transshipment and storage facilities *$'000*	Port income *$'000*	Consolidated *$'000*
Turnover			
External sales *(note 3)*	149,605	10,681	160,286
Results			
Segment results	103,412	9,279	112,691
Interest income *(note 4)*			3,683
Unallocated corporate income			1,543
Unallocated corporate expenses			(32,480)
Profit from operations			85,437
Finance costs *(note 5(a))*			(7,135)
Profit before taxation			78,302
Income tax *(note 6)*			(6,986)
Profit for the year			71,316
Assets			
Segment assets	353,357	3,788	357,145
Unallocated corporate assets			558,822
Total assets			915,967
Liabilities			
Segment liabilities	211,645	961	212,606
Unallocated corporate liabilities			258,685
Total liabilities			471,291
Other information			
Capital expenditure	132,031	–	132,031
Depreciation and amortisation			
– Segment depreciation and amortisation	25,830	–	25,830
– Unallocated depreciation and amortisation			1,050
Total depreciation and amortisation			26,880
Loss on disposals of fixed assets	941	–	941

The Group is engaged in the provision of terminal, transshipment and storage facilities services. More than 90% of the Group's turnover are derived from operations in the PRC (other than Hong Kong).

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008	2007	**2008**	2007
	$'000	*$'000*	***$'000***	*$'000*
PRC (other than Hong Kong)	**1,068,083**	870,636	**269,339**	125,128
Hong Kong	**29,847**	45,331	**78**	19
	1,097,930	915,967	**269,417**	125,147

9 TRADE AND OTHER RECEIVABLES

	2008	2007
	$'000	*$'000*
Trade receivables	**9,234**	13,070
Less: Allowance for doubtful debts	**(5,915)**	(5,571)
	3,319	7,499
Prepayments and other receivables	**4,045**	5,992
	7,364	13,491

All of the trade and other receivables are expected to be recovered within one year.

(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 – 90 days to its trade customers.

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

	2008	2007
	$'000	*$'000*
Neither past due nor impaired	**3,319**	6,397
Less than 1 month past due	**–**	1,102
	3,319	7,499

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

(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 2008, the Group's trade receivables of $5,915,000 (2007: $5,571,000) 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 $5,915,000 (2007: $5,571,000) were recognised. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful debts during the year represented the effect of change in exchange rate.

10 DEFERRED REVENUE

	2008	2007
	$'000	*$'000*
Within one year	**95,471**	91,085
More than one year, but not exceeding two years	**34,318**	86,188
More than two years, but not exceeding five years	**–**	32,321
	129,789	209,594
Less: Amount due within one year shown under current liabilities	**(95,471)**	(91,085)
Amount due after one year	**34,318**	118,509

On 29 December 2004, the Group entered into a lease agreement (the "Lease Agreement") with a third party (the "Lessee") for the lease of certain oil storage tanks of the Group (the "Oil Storage Tanks") and the non-exclusive use of related transshipment, docking, loading and unloading facilities for a period of 20 years from the date of delivery of the use of the Oil Storage Tanks at an annual rental of approximately $90 million. Pursuant to the Lease Agreement, the Group received five years' rentals of approximately $490 million on signing of the Lease Agreement and was obliged to pass the right to use part of the Oil Storage Tanks to the Lessee on 1 January 2005.

11 BANK LOANS

At 31 December 2008, the bank loans are repayable as follows:

	2008	2007
	$'000	*$'000*
After 1 year but within 2 years	**95,021**	–
After 2 years but within 5 years	**245,155**	213,584
	340,176	213,584

At 31 December 2008, the Group's banking facilities totalling $608,915,000 (2007: $573,473,000) were secured by certain of the Group's future non-cancellable operating leases receivables. The facilities were utilised to the extent of $340,176,000 (2007: $213,584,000).

12 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 will remain in force for a period of 10 years from adoption of such scheme and will expire 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. Details are as follow:

(i) The terms and conditions of the grants that existed during the year are as follows:

	Number of options	**Vesting conditions**	**Contractual life of options**
Options granted to directors: – on 7 May 2008	26,100,000	One third on each of the grant date, first and second anniversaries of grant date	3 years
Options granted to employees: – on 7 May 2008	46,300,000	One third on each of the grant date, first and second anniversaries of grant date	3 years
Total share options	72,400,000		

(ii) The number and weighted average exercise prices of options are as follows:

	Weighted average exercise price $	**Number of options**
Outstanding at 1 January 2008	–	–
Granted during the year	0.5	72,400,000
Outstanding at 31 December 2008	0.5	72,400,000
Exercisable at 31 December 2008	–	–

The options outstanding at 31 December 2008 had an exercise price of $0.5 and a weighted average remaining contractual life of 2.35 years.

(iii) Fair value of options granted during the year and assumptions

The fair value of services received in return for options granted are measured by reference to the fair value of options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life of the option is used as an input into this model.

	2008
Fair value at measurement date	$0.1439
Share price at measurement date	$0.4850
Exercise price	$0.5000
Expected volatility (expressed as a weighted average volatility used in the modelling under the Black-Scholes model)	60%
Expected option life (expressed as a weighted average life used in the modelling under the Black-Scholes model)	3 years
Expected dividends	Nil
Risk free interest rate	2.1%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The operational results of the Group's core business of the oil and petrochemical terminal located in Xiao Hu Island of Nasha, Panyu, Guangdong Province in the PRC ('XHIT') were as follows:

Operational Statistics	**2008**	2007	**Changes**
Number of vessels visited			
– foreign	**225**	264	-14.8%
– domestic	**822**	1,427	-42.4%
Number of trucks served to pick up cargoes	**14,214**	20,931	-32.1%
Number of drums filled	**42,628**	32,993	29.2%
Transshipment volume (metric ton)			
– oils	**158,389**	2,000	7819.4%
– petrochemicals	**194,083**	186,315	4.2%
Port jetty throughput (metric ton)	**1,920,100**	2,528,000	-24.0%
Tank farm throughput (metric ton)	**2,161,300**	2,892,000	-25.3%

During the year, XHIT recorded 225 foreign tankers berthed for unloading cargoes (2007: 264), port jetty throughput of 1,920,100 metric tons (2007: 2,528,000 metric tons) and tank farm throughput of 2,161,300 metric tons (2007: 2,892,000 metric tons). The reduction of number of foreign tankers berthed for unloading cargoes, port jetty and tank farm throughput was attributable to the fact that international oil price remained high most of the year until the fourth quarter and the global financial crises since September 2008. However, the transshipment volume for the oil and petrochemicals were increased that was arisen from the loosening up of the import tax rebates to the domestic oil companies from the beginning of the second quarter of 2008 and stimulated the importation of oil products.

Revenue Breakdown

The major revenue items breakdown of the Group were as follows:

	2008 *(HK$'000)*	*%*	2007 *(HK$'000)*	*%*
Terminal, storage and transshipment services	**153,299**	92.8	149,605	93.3
Port income	**11,867**	7.2	10,681	6.7

Segment results of XHIT

The turnover from the provision of terminal storage and transshipment facilities segment during the year ended 31 December 2008 was HK$153.3 million (2007: HK$149.6 million), representing a rise of 2.5% from last year, whereas the segment profit for the year was HK$101.7 million (2007: HK$103.4 million), representing a decrease of 1.6%. The increase in turnover was mainly attributable to the increase in volume of cargoes transhipped in XHIT port and the loosening up of import tax rebates to the domestic oil companies from the beginning of the second quarter of 2008 as a result of stimulation of the importation of oil products. However, the drop in flow of goods across the south China region in the fourth quarter coupled with the increase in operating costs resulted in the decrease of segment profit.

For the year ended 31 December 2008, turnover from port income increased by 11.1% from HK$10.7 million to HK$11.9 million and the segment profit increased from approximately HK$9.3 million to HK$11.1 million, representing an increase of 19.4%. The increase in turnover and profit for this segment was attributable to the increase in importation of oils due to the loosening up of import tax rebates to domestic oil companies from the beginning of the second quarter of 2008.

OUTLOOK

The Group continued to focus its core business of providing specialized integrated terminal, storage and logistics services for oil and liquid petrochemical products in the PRC. In coping with the newly developed safety requirements in storing dangerous goods, the Group is going into the solid chemical warehousing business. We expect this project will bring in new revenue and contributions to our bottom line.

- *XHIT Liquid Terminal Business*

  The expansion to the existing site plan has been delayed as the land requisition procedures in Xiao Hu Island required longer time than expected. The formal procedures are undergoing in accordance with rules and regulations required. The management has been pursuing constantly with the relevant departments of the local government to complete the process.

- *XHIT Solid Warehousing Centre*

  In Xiao Hu Island, Panyu, we have successfully acquired a site to develop a warehousing and logistic centre for solid chemicals to cope with the demand of such service. According to the initial design, the warehouse will have a floor area of 35,000 square metres. The construction of the centre will be completed in 2009 to capture the business opportunity of new safety requirements in dangerous goods caretaking industry in Pearl River Delta.

- *Dongzhou International Terminal project ("DZIT")*

  The construction of Dongguan port jetty has been completed and the operating equipment is being installed. The tank farm construction is underway. It is expected to complete all the works in this year. The costs of most construction materials and components dropped significantly in the economic downturn, giving rise to material cost savings for the project.

- *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

The operations of the Group for the year ended 31 December 2008 was declined as compared with that of 2007. The gross margin was slightly decreased from 70.3%, to 68.3%. The Group's turnover was HK$165.2 million (2007: HK$160.3 million), representing an increase of 3.0%. EBIT and EBITDA for the year ended 31 December 2008 were HK$72.5 million (2007: HK$85.4 million) and HK$101.7 million (2007: HK$112.3 million) respectively. The profit attributable to equity shareholders was HK$56.4 million (2007: HK$64.0 million), representing a decrease of 11.9% due to non-recurring costs of equity-settled share based payment expense and donations for Sichuan emergency relief during the year. Apart from these, the PRC income tax rate was increased from 7.5% to 9%. Without these items, the profit attributable to equity shareholders would have been improved from last year. The basic earnings per share for the year were 1.51 Hong Kong cents (2007: 2.07 Hong Kong cents) and the diluted earnings per share for the year were 1.51 Hong Kong cents (2007: 1.91 Hong Kong cents). The decreases of both basic and diluted earnings per share were mainly attributable to the decrease of profit attributable to equity shareholders and the higher effective number of common shares with regard to the conversion of convertible notes in July 2007.

	2008 *(HK$'000)*	2007 *(HK$'000)*	**Changes**
Turnover	**165,166**	160,286	3.0%
Gross profit	**112,774**	112,691	0.1%
Earnings before interest and tax ("EBIT")	**72,490**	85,437	-15.2%
Profit attributable to equity shareholders of the Company	**56,395**	64,014	-11.9%
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**101,708**	112,317	-9.4%
Gross margin	**68.3%**	70.3%	
Net profit margin	**34.1%**	39.9%	
Basic earnings per share (HK cents)	**1.51**	2.07	-27.1%
Diluted earnings per share (HK cents)	**1.51**	1.91	-20.9%

Capital Structure, Liquidity and Gearing

As at 31 December 2008, the Group's total cash and cash equivalents amounted to approximately HK$230.0 million (2007: HK$323.3 million). Most of the funds were held in HK$, RMB and US$.

As at 31 December 2008, the Group's current ratio was 1.37 (2007: 2.58). The change in current ratio was mainly related to the funds utilised for the construction of the Dongguan new terminal in the year.

The Group's gearing ratio of as at 31 December 2008 was 1.04 (2007: 1.06) (defined as total liabilities to total equity). The change in gearing ratio was mainly attributable to the draw down of the long-term banking facilities made available to the Group during the year.

Financial Resources

The current cash reserves and recurrent operating cash flow is sufficient for the daily requirements for current operations. The banking facilities were backed by collateralizing the receivables under the long-term lease already entered with customer. 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 Cost

The Group had no interest on convertible notes during the year ended 31 December 2008 (2007: HK$7.1 million). The drop was attributable to the fact that the interest bearing convertible notes were fully converted into the ordinary shares in July 2007. Apart from this, the borrowing costs capitalized as construction in progress for the year ended 31 December 2008 increased from HK$1.47 million to HK$16.43 million. Details are set out in note 5(a) to the financial statements.

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 still subject to PRC Enterprise Income Tax at the concession rate of 9% (normal tax rate is 18%) for the year ended 31 December 2008. However, the tax relief of GD (Panyu) ended at 31 December 2008. Under the new CIT Law, GD (Panyu) will be subject to the transitional tax rate of 20%, 22%, 24% and 25% in 2009, 2010, 2011 and 2012 onwards respectively. Details are set out in note 6 to the financial statements.

EXPOSURE TO FLUCTUATION IN EXCHANGES RATE AND RELATED HEDGE

The Group's cash and cash equivalents are held predominately in HK$, RMB and US$. 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

The Group's future non-cancellable operating lease receivables have been collateralized to a bank for long-term banking facilities since 2007. Apart from this, as at 31 December 2008, none of the assets of the Group was pledged.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 December 2008, the Group had capital commitments amounted to approximately HK$82 million in respect of constructions in progress, mainly related to the unpaid contract sums in respect of contracts for the DZIT port jetty construction, signed prior to the balance sheet date. The Group also had capital commitments not contracted for but approved by the board and not provided in the financial statements in respect of terminal development and acquisition of storage facilities amounted to approximately HK$390 million at 31 December 2008.

At 31 December 2008, the Group has no material contingent liabilities.

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 Provision") set out in the Code on Corporate Governance Practices 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, the 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 current corporate governance practices of the Company will be reviewed and updated in a timely manner in order to comply with the requirements of the Code Provision.

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 Model Code throughout the year ended 31 December 2008.

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 2008, the Group had a workforce of 260 employees, 244 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.

FINAL DIVIDEND

The directors do not recommend any final dividend for the year ended 31 December 2008 (2007: HK$Nil).

REVIEW OF THE ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2008 has been reviewed by the Audit Committee of the Company.

By Order of the Board
David An
Chairman

Hong Kong, 30 March 2009

As at the date of this announcement, the Board comprises Mr. David An (Chairman), Mr. Fung Chi Kwan, Nicholas, Ms. Liu Zhijun and Mr. Zhang Lei as Executive Directors and Mr. Li Wai Keung, Mr. Liu Jian and Mr. Chan Chun Wai, Tony being as Independent Non-Executive Directors.