United Strength Power Holdings Limited
眾誠能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2337

INTERIM REPORT 2021

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Jinmin *(Chairman & Chief Executive Officer)*
Mr. Liu Yingwu
Mr. Yuan Limin
Mr. Ma Haidong

Non-Executive Director

Mr. Xu Huilin

Independent Non-Executive Directors

Ms. Su Dan
Mr. Zhang Zhifeng
Mr. Lau Ying Kit

COMPANY SECRETARY

Mr. Lo Wai Kit, *ACCA, FCPA, CFA*

AUTHORIZED REPRESENTATIVES

Mr. Xu Huilin
Mr. Lo Wai Kit

MEMBERS OF AUDIT COMMITTEE

Mr. Lau Ying Kit *(Chairman)*
Ms. Su Dan
Mr. Zhang Zhifeng

MEMBERS OF REMUNERATION COMMITTEE

Mr. Zhang Zhifeng *(Chairman)*
Mr. Liu Yingwu
Ms. Su Dan

MEMBERS OF NOMINATION COMMITTEE

Ms. Su Dan *(Chairman)*
Mr. Xu Huilin
Mr. Zhang Zhifeng

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Changchun
Jilin Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

CMB Wing Lung Bank Limited
China Construction Bank
Industrial and Commercial Bank of China

HONG KONG LEGAL ADVISER

Wan & Tang
23/F, Somptueux Central
52 Wellington Street
Central
Hong Kong

AUDITOR

KPMG
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISOR

Zhongtai International Capital Limited
19th Floor, Li Po Chun Chambers
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STOCK CODE

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COMPANY WEBSITE

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CONTACT DETAILS

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FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Revenue	**2,291,301**	1,625,571
Gross profit	**327,150**	210,555
Profit for the period	**115,956**	49,490
Profit attributable to equity shareholders of the Company	**113,502**	50,848
Gross profit margin	**14%**	13%
Earning per share		
– Basic & Diluted (RMB)	**0.30**	0.15

	At 30 June	At 31 December
	2021	2020
	RMB'000	RMB'000
Total assets	**1,395,927**	1,273,135
Net assets	**384,393**	285,109

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 – unaudited (Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	**2021 RMB'000**	2020 RMB'000 Restated *(Note 19)*
Revenue	*4(a)*	**2,291,301**	1,625,571
Cost of sales		**(1,964,151)**	(1,415,016)
Gross profit	*4(b)*	**327,150**	210,555
Other income	*5*	**3,093**	2,824
Staff costs	*6(b)*	**(77,980)**	(65,499)
Depreciation expenses	*6(c)*	**(40,557)**	(34,819)
Impairment gain/(loss) on trade receivables		**4,348**	(58)
Other operating expenses		**(40,590)**	(28,045)
Profit from operations		**175,464**	84,958
Share of profits of a joint venture		**620**	1,520
Finance costs	*6(a)*	**(18,657)**	(9,065)
Costs incurred in connection with the acquisitions of businesses		**–**	(10,096)
Profit before taxation	*6*	**157,427**	67,317
Income tax	*7*	**(41,471)**	(17,827)
Profit for the period		**115,956**	49,490
Attributable to:			
Equity shareholders of the Company		**113,502**	50,848
Non-controlling interests		**2,454**	(1,358)
Profit for the period		**115,956**	49,490
Earnings per share			
– Basic and diluted (RMB)	*8*	**0.30**	0.15

The notes on pages 12 to 28 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited (Expressed in RMB)

	Six months ended 30 June	
	2021 **RMB'000**	2020 RMB'000 Restated *(Note 19)*
Profit for the period	**115,956**	49,490
Other comprehensive income for the period (after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency of the Group	**160**	1,142
Total comprehensive income for the period	**116,116**	50,632
Attributable to:		
Equity shareholders of the Company	**113,641**	52,016
Non-controlling interests	**2,475**	(1,384)
Total comprehensive income for the period	**116,116**	50,632

The notes on pages 12 to 28 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 – unaudited (Expressed in RMB)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment	*9*	**636,884**	637,847
Investment properties		**2,121**	2,199
Interest in a joint venture		**74,801**	75,028
Deferred tax assets		**7,075**	7,793
		720,881	722,867
Current assets			
Inventories		**140,891**	111,976
Trade and bills receivables	*10*	**13,855**	39,248
Prepayments, deposits and other receivables	*11*	**398,620**	256,959
Income tax recoverable		**6,567**	3,468
Cash at bank and on hand	*12*	**115,113**	138,617
		675,046	550,268
Current liabilities			
Bank loans	*13(a)*	**141,419**	192,978
Trade and bills payables	*14*	**87,556**	90,139
Accrued expenses and other payables		**288,571**	258,484
Lease liabilities		**72,031**	50,711
Income tax payable		**33,724**	28,763
		623,301	621,075
Net current assets/(liabilities)		**51,745**	(70,807)
Total assets less current liabilities		**772,626**	652,060
Non-current liabilities			
Bank loans	*13(b)*	**47,360**	49,078
Lease liabilities		**334,699**	311,521
Deferred tax liabilities		**6,174**	6,352
		388,233	366,951
NET ASSETS		**384,393**	285,109

The notes on pages 12 to 28 form part of this interim financial report.

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
CAPITAL AND RESERVES		
Share capital	**32,293**	32,293
Reserves	**318,121**	221,312
Total equity attributable to equity shareholders of the Company	**350,414**	253,605
Non-controlling interests	**33,979**	31,504
TOTAL EQUITY	**384,393**	285,109

The notes on pages 12 to 28 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 – unaudited (Expressed in RMB)

	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020 (as previously reported)	19,794	102,572	(19,967)	5,524	8,141	152,285	268,349	6,413	274,762
Adjustments in connection with the Acquisition (as defined in Note 2)	–	–	(7,849)	3,411	(371)	(22,235)	(27,044)	24,208	(2,836)
Balance at 1 January 2020	19,794	102,572	(27,816)	8,935	7,770	130,050	241,305	30,621	271,926
Changes in equity for the six months ended 30 June 2020:									
Profit/(loss) for the period	–	–	–	–	–	50,848	50,848	(1,358)	49,490
Other comprehensive income for the period	–	–	–	–	1,168	–	1,168	(26)	1,142
Total comprehensive income	–	–	–	–	1,168	50,848	52,016	(1,384)	50,632
Dividends approved in respect of the previous year *(Note 15(a))*	–	(17,855)	–	–	–	–	(17,855)	–	(17,855)
Distributions paid by a subsidiary to non-controlling equity owners	–	–	–	–	–	–	–	(274)	(274)
Deemed distribution of the results of the Entrusted Petroleum Refuelling Stations and Storage Facilities prior to the completion of the Acquisition (as defined in Note 2)	–	–	–	–	–	(47,986)	(47,986)	–	(47,986)
	–	(17,855)	–	–	–	(47,986)	(65,841)	(274)	(66,115)
Balance at 30 June 2020 and 1 July 2020	19,794	84,717	(27,816)	8,935	8,938	132,912	227,480	28,963	256,443
Changes in equity for the six months ended 31 December 2020:									
Profit for the period	–	–	–	–	–	72,435	72,435	2,438	74,873
Other comprehensive income for the period	–	–	–	–	(8,242)	–	(8,242)	103	(8,139)
Total comprehensive income	–	–	–	–	(8,242)	72,435	64,193	2,541	66,734
Deemed distribution of the results of the Entrusted Petroleum Refuelling Stations and Storage Facilities prior to the completion of the Acquisition (as defined in Note 2)	–	–	–	–	–	(13,051)	(13,051)	–	(13,051)
Issuance of shares in connection with the Acquisition and deemed distribution of the assets and liabilities of the Entrusted Petroleum Refuelling Stations and Storage Facilities upon the completion of the Acquisition	8,928	464,251	(672,290)	–	–	–	(199,111)	–	(199,111)
Issuance of shares by placing	3,571	170,523	–	–	–	–	174,094	–	174,094
Appropriation to reserves	–	–	–	2,766	–	(2,766)	–	–	–
	12,499	634,774	(672,290)	2,766	–	(15,817)	(38,068)	–	(38,068)
Balance at 31 December 2020	32,293	719,491	(700,106)	11,701	696	189,530	253,605	31,504	285,109

The notes on pages 12 to 28 form part of this interim financial report.

	Attributable to equity shareholders of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	32,293	719,491	(700,106)	11,701	696	189,530	253,605	31,504	285,109
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	–	–	–	–	–	113,502	113,502	2,454	115,956
Other comprehensive income for the period	–	–	–	–	139	–	139	21	160
Total comprehensive income	–	–	–	–	139	113,502	113,641	2,475	116,116
Dividends approved in respect of the previous year *(Note 15(a))*	–	–	–	–	–	(16,832)	(16,832)	–	(16,832)
Balance at 30 June 2021	32,293	719,491	(700,106)	11,701	835	286,200	350,414	33,979	384,393

The notes on pages 12 to 28 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021 – unaudited (Expressed in RMB)

		Six months ended 30 June	
	Note	**2021** **RMB'000**	2020 RMB'000 Restated *(Note 19)*
Operating activities			
Cash generated from operations		**91,251**	243,479
Income tax paid		**(39,069)**	(25,145)
Net cash generated from operating activities		**52,182**	218,334
Investing activities			
Payments for purchase of property, plant and equipment		**(7,792)**	(19,934)
Proceeds from disposal of property, plant and equipment		**581**	752
Other cash flows arising from investing activities		**196**	145
Net cash used in investing activities		**(7,015)**	(19,037)
Financing activities			
Proceeds from bank loans		**–**	143,243
Repayment of bank loans		**(53,277)**	(64,510)
Capital element of lease rentals paid		**(7,152)**	(8,845)
Interest element of lease rentals paid		**(2,002)**	(1,961)
Net decrease in the amounts due to related parties		**(1,365)**	(178,436)
Increase in pledged bank deposits		**(15,000)**	–
Other cash flows arising from financing activities		**(4,845)**	(7,378)
Net cash used in financing activities		**(83,641)**	(117,887)
Net (decrease)/increase in cash and cash equivalents		**(38,474)**	81,410
Cash and cash equivalents at 1 January	*12*	**111,617**	65,689
Effect of foreign exchange rate changes		**(30)**	757
Cash and cash equivalents at 30 June	*12*	**73,113**	147,856

The notes on pages 12 to 28 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

United Strength Power Holdings Limited (the "Company") was incorporated in the Cayman Islands on 19 December 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 2017. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the retail sale of refined oil and natural gas by operating refuelling stations and storage facilities, wholesale of refined oil and the provision of transportation petroleum and natural gas services.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 26 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditors of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the board of directors of the Company is included on page 29.

On 24 August 2020 (the "Completion Date"), the Company acquired the petroleum refuelling business, comprising the operation of petroleum stations and storage facilities and the provision of transportation of petroleum services (collectively referred to as the "Petroleum Refuelling Business"), through the acquisition of the entire issued share capital of Eternal Global Investment Limited ("Eternal Global") (the "Acquisition"). On Completion Date and as part of the Acquisition, entrusted agreements (the "Entrusted Management Agreement") were also entered into between Changchun United Strength Power Company Limited ("New United Strength"), a wholly owned subsidiary of Eternal Global, and Changchun Yitonghe Petroleum Distribution Company Limited ("Changchun Yitonghe"), a company controlled by Mr. Zhao Jinmin and not part of the Acquisition, pursuant to which Changchun Yitonghe as the entrusting party entrusted New United Strength as the operating party with an exclusive right to use all the assets, property, land and equipment necessary for the operation and management of the petroleum refuelling stations and petroleum storage facilities owned by Changchun Yitonghe (the "Entrusted Petroleum Refuelling Stations and Storage Facilities"). The entrustment fee under the Entrusted Management Agreement is RMB50,000,000 per annum for a period of ten years. The Entrusted Management Agreement and related entrustment fees will be accounted for as leases in accordance to the accounting policies adopted by the Group.

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

Immediately before and after the Acquisition, the Group and the Petroleum Refuelling Business are under the control of Mr. Zhao Jinmin, who will continue to be the controlling shareholder of the Group and the Petroleum Refuelling Business following the completion of the Acquisition. The control is not transitory and, consequently, there is a continuation of the risks and benefits to Mr. Zhao Jinmin. Accordingly, the Acquisition is treated as a combination of businesses under common control. The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared using the merger basis of accounting as if the Acquisition was completed and the Petroleum Refuelling Business had been combined at the beginning of the comparative period.

Except for the assets and liabilities of the Entrusted Petroleum Refuelling Stations and Storage Facilities, the assets and liabilities of the Petroleum Refuelling Business in the condensed consolidated financial statements for the six months ended 30 June 2020 were recognised and measured at their carrying amounts recognised previously from the perspective of Mr. Zhao Jinmin. Prior to the Completion Date, assets and liabilities of the Entrusted Petroleum Refuelling Stations and Storage Facilities in these financial statements were recognised and measured at their carrying amounts recognised previously from the perspective of the Mr. Zhao Jinmin. On the Completion Date, assets and liabilities of the Entrusted Petroleum Refuelling Stations and Storage Facilities were derecognised, as the Group did not acquire the legal titles of these assets and liabilities as part of the Acquisition. Instead, right-of-use assets and lease liabilities were recognised to reflect the execution of the Entrusted Management Agreement on the Completion Date.

The number of refuelling stations and storage facilities of the Group as at 30 June 2021 was as follows:

	Owned by the Group			Operated by the Group under the Entrusted Management Agreement		
	Gas refuelling stations	Petroleum refuelling stations	Petroleum storage facilities	Gas refuelling stations	Petroleum refuelling stations	Petroleum storage facilities
At 30 June 2021	**26**	**36**	**2**	**5**	**38**	**1**
At 31 December 2020	25	31	2	5	39	1

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the Covid-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the retail sale of refined oil and natural gas by operating refuelling stations and storage facilities, wholesale of refined oil and the provision of transportation of petroleum and natural gas services.

Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 Restated *(Note 19)*
Disaggregation by major products or service lines:		
– Sales of refined oil and natural gas	**2,265,700**	1,600,586
– Revenue from the provision of transportation services	**24,620**	19,645
– Revenue from the trading of liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") and related chemical products	**981**	5,340
	2,291,301	1,625,571

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for the provision of transportation of petroleum and natural gas services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for the provision of transportation of petroleum and natural gas services that had an original expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its businesses by business lines. 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 presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Sale of refined oil: this segment carries out sales of refined oil to vehicular end-users by operation of petroleum refuelling stations, sales of refined oil to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities and wholesale of refined oil to other industrial users;

– Sale of natural gas: this segment sells compressed natural gas ("CNG"), LPG and LNG to vehicular end-users by operating refuelling stations, and trading of LPG, LNG and related chemical products; and

– Provision of transportation services: this segment provides petroleum and natural gas transportation services by managing dangerous goods transportation vehicles.

(i) Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to sales and revenue generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment is gross profit. The Group's other income, staff costs, depreciation expenses, impairment gain/(loss) on trade receivables, other operating expenses, share of profits of a joint venture and costs incurred in connection with the acquisitions of businesses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (continued)

	Six months ended 30 June 2021			
	Sale of refined oil RMB'000	Sale of natural gas RMB'000	Provision of transportation services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition:				
– Point in time	**2,160,684**	**105,997**	**–**	**2,266,681**
– Over time	**–**	**–**	**24,620**	**24,620**
Revenue from external customers	**2,160,684**	**105,997**	**24,620**	**2,291,301**
Inter-segment revenue	**9,508**	**151**	**23,975**	**33,634**
Reportable segment revenue	**2,170,192**	**106,148**	**48,595**	**2,324,935**
Reportable segment gross profit	**261,168**	**36,890**	**29,092**	**327,150**

	Six months ended 30 June 2020 (restated - Note 19)			
	Sale of refined oil RMB'000	Sale of natural gas RMB'000	Provision of transportation services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition:				
– Point in time	1,505,225	100,701	–	1,605,926
– Over time	–	–	19,645	19,645
Revenue from external customers	1,505,225	100,701	19,645	1,625,571
Inter-segment revenue	6,314	667	23,213	30,194
Reportable segment revenue	1,511,539	101,368	42,858	1,655,765
Reportable segment gross profit	142,328	38,542	29,685	210,555

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Revenue		
Reportable segment revenue	**2,324,935**	1,655,765
Elimination of inter-segment revenue	**(33,634)**	(30,194)
Consolidated revenue *(Note 4(a))*	**2,291,301**	1,625,571
Profit		
Reportable segment gross profit	**327,150**	210,555
Other income	**3,093**	2,824
Staff costs	**(77,980)**	(65,499)
Depreciation expenses	**(40,557)**	(34,819)
Impairment gain/(loss) on trade receivables	**4,348**	(58)
Other operating expenses	**(40,590)**	(28,045)
Share of profits of a joint venture	**620**	1,520
Finance costs	**(18,657)**	(9,065)
Costs incurred in connection with the acquisitions of businesses	**–**	(10,096)
Consolidated profit before taxation	**157,427**	67,317

(iii) Geographic information

All of the Group's customers patronised at the Group's operations carried out in the People's Republic of China (the "PRC"). The Group's non-current assets, including property, plant and equipment and investment properties, are located and the location of operations of the Group's joint venture is in the PRC.

5 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Rental income from operating leases	**1,269**	1,207
Net gain on disposal of property, plant and equipment	**660**	542
Net foreign exchange gains/(losses)	**531**	(223)
Interest income	**196**	145
Others	**437**	1,153
	3,093	2,824

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Interest expenses on:		
– bank loans	**4,845**	7,104
– lease liabilities	**13,812**	1,961
	18,657	9,065

6 PROFIT BEFORE TAXATION (continued)

(b) Staff costs:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Salaries, wages and other benefits	**71,817**	61,710
Contributions to defined contribution retirement plans	**6,163**	3,789
	77,980	65,499

(c) Other items:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Depreciation expenses:		
– owned property, plant and equipment	**16,895**	19,284
– right-of-use assets	**23,584**	15,453
– investment properties	**78**	82
Operating lease charges relating to short-term leases and leases of low-value-assets	**991**	73
Cost of inventories	**1,952,998**	1,405,130

7 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		Restated
		(Note 19)
Current taxation		
Provision for the period	**40,931**	22,424
Deferred taxation		
Origination and reversal of temporary differences	**540**	(4,597)
	41,471	17,827

Notes:

(i) The Company, a subsidiary of the Group incorporated in the British Virgin Islands and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: 8.25% to 16.5%).

(ii) The Company and subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% during the six months ended 30 June 2021 (six months ended 30 June 2020: 25%).

(iv) One of the Group's subsidiaries established in the PRC has obtained approval from the relevant tax bureau to be taxed as an enterprise with tax incentive for development of the western region for the calendar years from 2011 to 2020, such approval for preferential PRC Corporate Income Tax rate of 15% was extended to 2030 during the year ended 31 December 2020, and therefore this subsidiary enjoyed a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2021 (six months ended 30 June 2020: 15%).

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2021 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB113,502,000 and the weighted average of 374,502,000 ordinary shares in issue during the interim period.

The calculation of basic earnings per share for the six months ended 30 June 2020 was calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB50,848,000 and the weighted average of 334,502,000 ordinary shares, comprising:

(i) 234,502,000 ordinary shares in issue as at 1 January 2020 and throughout the six months ended 30 June 2020; and

(ii) 100,000,000 shares issued on the completion of the Acquisition, as if the above 100,000,000 shares were outstanding throughout the six months ended 30 June 2020.

8 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2021 and 2020.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Owned property, plant and equipment

During the six months ended 30 June 2021, the Group incurred capital expenditure on property, plant and equipment with a cost of RMB7,792,000 (six months ended 30 June 2020: RMB19,934,000 as restated). Items of property, plant and equipment with a net book value of approximately RMB4,683,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB8,810,000 as restated), resulting in a loss on disposal of RMB32,000 (six months ended 30 June 2020: RMB58,000 as restated).

(b) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for use of buildings and properties, refuelling stations and related equipment, and therefore recognised the additions to right-of-use assets of RMB42,127,000 (six months ended 30 June 2020 as restated: RMB29,261,000 as restated).

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables, net of loss allowance, due from:		
– related parties	1,090	270
– third parties	10,774	26,408
	11,864	26,678
Bills receivables	1,991	12,570
	13,855	39,248

The Group's customers include individual and corporate customers, and cash before delivery is generally required for all individual customers, where credit terms of one month are granted to corporate customers.

10 TRADE AND BILLS RECEIVABLES (continued)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	**11,876**	14,209
1 to 3 months	**800**	10,190
3 to 6 months	**829**	4,299
Over 6 months	**350**	10,550
	13,855	39,248

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Prepayments for purchase of inventories and services from:		
– related parties	**134,697**	15,593
– third parties	**240,404**	211,807
	375,101	227,400
Deposits to suppliers	**6,692**	5,638
Advances to staff	**2,445**	1,361
Value-added-tax recoverable	**4,861**	18,169
Rental deposits	**3,800**	–
Others	**5,721**	4,391
	398,620	256,959

12 CASH AT BANK AND ON HAND

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash at bank and on hand	**73,113**	111,617
Pledged and restricted bank deposits *(Note (i))*	**42,000**	27,000
Cash at bank and on hand in the consolidated statement of financial position	**115,113**	138,617
Less: pledged and restricted bank deposits	**(42,000)**	(27,000)
Cash and cash equivalents in the condensed consolidated cash flow statement	**73,113**	111,617

Notes:

(i) The balances were pledged for bank loans of and bills issued by the Group.

(ii) The Group's operations in the PRC (excluding Hong Kong) conducted their businesses in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

13 BANK LOANS

(a) The Group's short-term bank loans are analysed as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans:		
Secured by property, plant and equipment and/or restricted bank deposits of the Group, and/or guaranteed by a subsidiary or related parties	**87,000**	87,000
Secured by trade and bills receivables of the Group	**–**	10,000
Guaranteed by a subsidiary	**2,000**	2,000
Guaranteed by a third party	**49,000**	49,000
	138,000	148,000
Add: current portion of long-term bank loans *(Note 13(b))*	**3,419**	44,978
	141,419	192,978

13 BANK LOANS (continued)

(b) The Group's long-term bank loans are analysed as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans:		
Secured by property, plant and equipment of the Group	**2,779**	3,464
Secured by equity interests of a subsidiary, and guaranteed by the controlling shareholder of the Group and a related party	**–**	41,592
Guaranteed by a subsidiary	**48,000**	49,000
	50,779	94,056
Less: current portion of long-term bank loans *(Note 13(a))*	**(3,419)**	(44,978)
	47,360	49,078

14 TRADE AND BILLS PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables due to:		
– related parties	**935**	10,088
– third parties	**41,621**	20,051
	42,556	30,139
Bills payables due to:		
– related parties	**30,000**	30,000
– third parties	**15,000**	30,000
	45,000	60,000
	87,556	90,139

14 TRADE AND BILLS PAYABLES (continued)

As of the end of the reporting period, the ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	19,490	30,139
1 to 3 months	23,066	30,000
3 to 6 months	15,000	–
6 months to 12 months	30,000	30,000
	87,556	90,139

15 DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: RMBNil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.0534 per ordinary share (six months ended 30 June 2020: HK$0.0853 per ordinary share)	16,832	17,855

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at other than fair value

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020.

17 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Commitments in respect of property, plant and equipment:		
– Contracted for	**10,392**	4,979
– Authorised but not contracted for	**21,792**	21,194
	32,184	26,173

18 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the material related party transactions entered into by the Group during the six months ended 30 June 2021 are set out below.

As a result of the Acquisition mentioned in Notes 2 and 19, transactions with related parties previously reported by the Group have been restated to reflect the effect of the Acquisition as if the Acquisition was completed and the Petroleum Refuelling Business had been combined at the beginning of the comparative period.

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 Restated *(Note 19)*
Sales of goods	**24,711**	23,440
Provision of transportation services	**1,025**	6,764
Purchases of goods	**308,199**	166,820
Rental income from operating leases	**258**	258
Operating lease charges (recognised as depreciation and interest expenses from right-of-use assets under IFRS 16)	**23,278**	–
Service fee paid for other services received	**433**	557
Repayments of loans to related parties	**–**	(30,000)
Net decrease in amounts due to related parties	**1,365**	130,450

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Guarantees received for the Group's bank loans at the end of the reporting period/year	**77,000**	118,592
Guarantees received for the Group's bank acceptance bills facilities at the end of the reporting period/year	**30,000**	–

19 ACQUISITION OF THE PETROLEUM REFUELLING BUSINESS

As mentioned in Note 2, the Company acquired the Petroleum Refuelling Business through the acquisition of the entire issued share capital of Eternal Global for a consideration of HK$680,000,000, comprising (i) HK$530,000,000 (equivalent to approximately RMB473,179,000) by issuance of 100,000,000 ordinary shares in the Company at HK$5.3 per ordinary share, representing the closing market share price of the Company's share on the Completion Date; and (ii) cash consideration of HK$150,000,000 (equivalent to approximately RMB133,919,000) on the Completion Date.

The Acquisition is treated as a combination of businesses under common control, and these financial statements have been prepared using the merger basis of accounting as if the Acquisition was completed and the Petroleum Refuelling Business had been combined at the beginning of the comparative period.

The effect of the Acquisition on the Group's consolidated statement of profit or loss and condensed consolidated cash flow statement for the six months ended 30 June 2020 as previously reported were as follows.

Consolidated statement of profit or loss for the six months ended 30 June 2020

	The Group (as previously reported) RMB'000 *(Note (i))*	The Petroleum Refuelling Business RMB'000 *(Note (ii))*	Elimination RMB'000	The Group (as restated) RMB'000
Revenue	127,234	1,517,532	(19,195)	1,625,571
Cost of sales	(65,413)	(1,370,798)	21,195	(1,415,016)
Gross profit	61,821	146,734	2,000	210,555
Other income	4,533	4,382	(6,091)	2,824
Staff costs	(23,288)	(42,211)	–	(65,499)
Depreciation expenses	(13,400)	(24,788)	3,369	(34,819)
Impairment loss on trade receivables	(57)	(17)	16	(58)
Other operating expenses	(10,310)	(17,735)	–	(28,045)
Profit from operations	19,299	66,365	(706)	84,958
Share of profits of a joint venture	1,520	–	–	1,520
Finance costs	(4,189)	(5,941)	1,065	(9,065)
Costs incurred in connection with the acquisitions of businesses	(10,096)	–	–	(10,096)
Profit before taxation	6,534	60,424	359	67,317
Income tax	(3,781)	(13,956)	(90)	(17,827)
Profit for the period	2,753	46,468	269	49,490
Attributable to:				
– Equity shareholders of the Company	3,287	–	47,561	50,848
– Parent's net investment	–	34,216	(34,216)	–
– Non-controlling interests	(534)	12,252	(13,076)	(1,358)
Profit for the period	2,753	46,468	269	49,490

19 ACQUISITION OF THE PETROLEUM REFUELLING BUSINESS (continued)

Condensed consolidated cash flow statement for the six months ended 30 June 2020

	The Group (as previously reported) RMB'000	The Petroleum Refuelling Business RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Net cash generated from operating activities	99,397	122,666	(3,729)	218,334
Net cash used in investing activities	(9,184)	(9,853)	–	(19,037)
Net cash used in financing activities	(13,117)	(108,499)	3,729	(117,887)

Notes:

(i) Certain financial figures have been reclassified to conform to the current period's presentation.

(ii) Parent's net investment was shown in lieu of shareholders' equity to present the cumulative interest of Mr. Zhao Jinmin in the Petroleum Refuelling Business. The proportionate interest in the operating results not attributable to Mr. Zhao Jinmin was presented as attributable to the non-controlling interests of the Petroleum Refuelling Business.

20 IMPACTS FROM THE COVID-19 PANDEMIC

The Covid-19 pandemic since early 2020 continues to bring uncertainties to the Group's operating environment and may impact the Group's operations and financial position.

Despite of the easing of the Covid-19 pandemic in Mainland China, the Group continues to closely monitor the possible impact of the Covid-19 pandemic has on the Group's businesses and keep contingency measures in place and under review in the case where the Covid-19 pandemic rebounds. The directors of the Company confirm that these contingency measures include but not limited to reassessing the flexibility of the current mechanisms in determining the selling prices of refined oil and natural gas in light of the fluctuation to the purchase prices and demand, reassessing the sustainability of existing suppliers and/or expanding the supplier base of refined oil and natural gas in ensuring the adequate supply of refined oil and natural gas at prices that align with market quotations, and improving the Group's cash management by expediting debtor settlements and negotiating with suppliers on extension of payment terms.

As far as the Group's businesses are concerned, the Covid-19 pandemic may impact the demand of the Group's refined oil and natural gas which in turn may result in the decrease in sales of such products and/or impact the availabilities of refined oil and natural gas which in turn may result in the increase in purchase prices of such products, and hence the profitability of the Group's operations and the potential impairment of the Group's property, plant and equipment in future periods.

21 COMPARATIVE FIGURES

As a result of the Acquisition mentioned in Notes 2 and 19, comparative information has been restated. Further details of the restatements are disclosed in Note 19.

INDEPENDENT REVIEW REPORT

KPMG

Review report to the board of directors of
United Strength Power Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 5 to 28 which comprises the consolidated statement of financial position of United Strength Power Holdings Limited as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2021

1. BUSINESS AND FINANCIAL REVIEW

In 2020, global oil and gas production and consumer demand declined due to the impact of the COVID-19, economic downturn, plummeting oil demand and sluggish oil prices. In the first half of 2021, the global epidemic situation has improved as a whole, the domestic economy continued to maintain a steady growth momentum, the economic recovery brought continuous increase in demand. The market demand for oil and gas products improved substantially. Oil consumption gradually recovered and natural gas consumption strongly recovered.

As Asia is the world's largest importer of LNG, the economic recovery and the rebound in LNG demand has kept the spot price of LNG at the level of US$10 per million British thermal units this summer, rising to the highest price in seven years. The middle section of the China–Russia East-Route Natural Gas Pipeline (Jilin Changling-Hebei Yongqing) project was put into operation in December 2020. Since January 2021, the maximum daily gas transmission capacity of the China–Russia East-Route Natural Gas Pipeline has doubled, further increased the effective supply of natural gas in Beijing-Tianjin-Hebei region and accelerated the recovery of the natural gas industry. In the first four months of 2021, China's natural gas consumption rose 16.8% year-on-year to 122.01 billion cubic meters, which was 13.5% higher than the same period last year and was the fastest in the past three years.

During the period, the continuous development and promotion of vaccines, the relaxation of cross-border control in European countries and the United States, the strong support provided by monetary and fiscal policies, and the implementation of oil-producing countries' production reduction agreements all boosted oil demand expectations. In addition, another round of suspension on the negotiations of the Iranian nuclear agreement also provided support for the rise of the oil prices. Under such background, the international oil prices continued to rise, with the average oil price rising sharply compared to the same period last year. The average price of Brent crude oil in the second quarter was US$68.85 per barrel, an increase of 12.57% from the previous quarter. S&P Global Platts Analytics has raised its forecast for the growth of oil demand in 2021 by 500,000 barrels per day to 6.3 million barrels per day. Among all the countries, the oil demand in Asia, especially that in China and India, is estimated to grow more rapidly, with an expected oil demand reaching 99.53 million barrels per day in 2021. In China, the domestic refined oil consumption increased significantly year-on-year, basically returning to the consumption level before the outbreak of the pandemic, with the refined oil demand increasing by 13.18% year-on-year in the first five months of 2021. OPEC predicts that global oil demand will gradually recover and resume development in 2021. It is estimated that oil consumption in the second half of 2021 will increase by about 5 million barrels per day compared with the first half, with an increase rate of about 5%.

Sales of Refined Oil Business

The sales of refined oil mainly consisted of retail selling refined oil to vehicular end-users by operation of petroleum refuelling stations, wholesale to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities, and wholesale of refined oil to other industrial users. For the first six months of 2021, the Group recorded sales of refined oil income of approximately RMB2,160.7 million, representing an increase of approximately 44% and accounted for 94% of the total revenue of the same period. During the period, the sales volume of refined oil reached approximately 354 thousand tonnes (six months ended 30 June 2020: approximately 285 thousand tonnes), representing an increase of approximately 24% as compared with the same period last year. The increase in sales volume was mainly due to (i) increase in market demand of petroleum products due to the recovery from the COVID-19 pandemic in China; (ii) increase in number of the petroleum refuelling stations and (iii) the increase in marketing and promotional efforts by the Company.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Sales of Natural Gas Business

The sales of natural gas are mainly conducted by our gas refuelling stations in China. For the first six months of 2021, the Group recorded sales of natural gas income of approximately RMB106.0 million, representing a year-on-year increase of approximately 5% and accounting for approximately 5% of the total revenue of the same period. During the period, the sales volume of CNG reached approximately 25.7 million cubic meters (six months ended 30 June 2020: approximately 23.6 million cubic meters), representing an increase of approximately 9% as compared with the same period last year. The increase in sales volume was mainly due to (i) increase in market demand of natural gas products due to the recovery from the COVID-19 pandemic in China; and (ii) the increase in marketing and promotional efforts by the Company.

The table below shows the location of and product offer at our refuelling stations as at 30 June 2021:

City, Province	Gas refuelling stations	Petroleum refuelling stations	Mixed (gas and petroleum) refuelling stations	Total number of stations
Changchun City, Jilin Province	8	24	6	38
Jilin City, Jilin Province	2	8	0	10
Liaoyuan City, Jilin Province	1	1	1	3
Helong City, Jilin Province	1	0	0	1
Yanji City, Jilin Province	2	0	1	3
Wangqing, Jilin Province	1	0	0	1
Meihekou, Jilin Province	1	0	0	1
Antu, Jilin Province	1	0	0	1
Baicheng, Jilin Province	1	0	0	1
Songyuan, Jilin Province	1	2	1	4
Siping City, Jilin Province	1	2	0	3
Tonghua City, Jilin Province	0	2	0	2
Baishan City, Jilin Province	0	3	0	3
Total station(s) in Jilin Province	**20**	**42**	**9**	**71**
Wuchang City, Heilongjiang Province	1	1	0	2
Total station(s) in Heilongjiang Province	**1**	**1**	**0**	**2**
Dandong City, Liaoning Province	0	14	1	15
Benxi City, Liaoning Province	0	1	0	1
Anshan City, Liaoning Province	0	5	0	5
Dalian City, Liaoning Province	0	1	0	1
Total station(s) in Liaoning Province	**0**	**21**	**1**	**22**
Total:	**21**	**64**	**10**	**95**

1. BUSINESS AND FINANCIAL REVIEW (continued)

Provision of Transportation Services

The provision of transportation services are conducted by Jieli Logistics and Xinxin Logistics. For the first six months of 2021, the Group recorded the transportation income of approximately RMB24.6 million, representing a year-on-year increase of approximately 26% and accounting for approximately 1% of the total revenue of the same period.

At present, the Group owns and manages a fleet of over 140 dangerous goods transport vehicles, including 72 locomotives, 57 trailers and 41 headmounted integrated vehicles (for oil transport), as well as 17 locomotives and 51 trailers (for gas transport). In addition to its own vehicles, Jieli Logistics also (i) manages and operates certain transportation facilities (for oil transport) for Changchun Yitonghe Petroleum Distribution Company Limited ("**Changchun Yitonghe**") and (ii) leases certain transportation facilities (for gas transport) from Changchun Yitonghe and its subsidiaries ("**Yitonghe Group**") for its business.

Operating Results

Revenue

The principal activities of the Group are the sale of refined oil and natural gas by (i) operating refuelling stations network and storage facilities, and wholesale of refined oil; and (ii) the provision of transportation of petroleum and gas services. For the six months ended 30 June 2021, the Group's revenue amounted to approximately RMB2,291.3 million, representing an increase of approximately RMB665.7 million or approximately 41% from approximately RMB1,625.6 million in the corresponding period in 2020. The increase in revenue was mainly attributable to the increase in the sales volume and average selling price of the Company's wholesale and retail petroleum products during the first half of 2021.

Cost of Sales and Gross Profit

The Group's cost of sales primarily represents all costs of purchase of refined oil, CNG, LPG and LNG from our suppliers and other costs incurred in transporting the inventories to their present location and transportation costs. For the six months ended 30 June 2021, the Group's cost of sales increased by approximately 39% to approximately RMB1,964.2 million from approximately RMB1,415.0 million in the corresponding period in 2020 due to the increase in total purchase of the products as a result of the increase in sales volume and unit cost of procurement of the Company's products during the first half of 2021.

The gross profit for the six months ended 30 June 2021 was approximately RMB327.2 million (six months ended 30 June 2020: approximately RMB210.6 million), with a gross profit margin of approximately 14% (the six months ended 30 June 2020: approximately 13%). The increase in gross profit was mainly attributable to the increase in the sales volume of the Company's products compared with that of the previous year. The improvement in gross profit margin was mainly attributable to the increase in the average selling price of the Company's products compared with that of the same period in the previous year.

Impairment Gain/(Loss) on Trade Receivables

Impairment gain on trade receivables was for recovery of trade receivables for which impairment loss was provided in the previous year. For the six months ended 30 June 2021, impairment gain on trade receivables amounted to approximately RMB4.3 million (six months ended 30 June 2020: impairment loss on trade receivables of approximately RMB58,000).

1. BUSINESS AND FINANCIAL REVIEW (continued)

Other Income

Other income mainly comprises rental income and management fee. For the six months ended 30 June 2021, other income amounted to approximately RMB3.1 million, representing an increase of approximately RMB0.3 million from approximately RMB2.8 million in the corresponding period in 2020. The increase in other income was mainly attributable to the increase in net foreign exchange gains during the first half of 2021.

Staff Costs

Staff costs mainly consisted of salaries, wages and other benefits and defined contributions retirement plan. For the six months ended 30 June 2021, staff costs amounted to approximately RMB78.0 million, representing an increase of approximately RMB12.5 million from approximately RMB65.5 million in the corresponding period in 2020. The increase in staff costs was principally attributable to the increase in number of staff, average salary payable for staff and the Group's contributions to defined contribution retirement plans during the first half of 2021.

Other Operating Expenses and Finance Costs

Other operating expenses, including utilities expenses related to gas and oil refuelling stations and other general office and administrative expenses increased by 45%, from approximately RMB28.0 million to approximately RMB40.6 million. The increase was mainly attributable to increase in legal and professional fees and business entertainment and promotional expenses during the period.

For the six months ended 30 June 2021, the finance costs amounted to approximately RMB18.7 million (six months ended 30 June 2020: approximately RMB9.1 million). The increase in finance costs was mainly attributable to the increase in interest expenses on lease liabilities as a result of entering into the Entrusted Management Agreement.

Costs Incurred in Connection with the Acquisitions of Businesses

Costs incurred in connection with contemplated acquisitions of businesses represent the professional fees and other expenses incurred in relation to the acquisition of the entire issued share capital of Eternal Global Investments Limited ("**Eternal Global**"). The Company completed the acquisition on 24 August 2020 and therefore no such expenses incurred for the six months ended for 30 June 2021. The Group recognised non-recurring expenses of approximately RMB10.1 million in the corresponding period in 2020.

Share of Profits of a Joint Venture

With the completion of acquisition of Silver Spring Green Energy Limited ("**Silver Spring**"), the Group shared profits from the joint venture of our Group with China Travel Service International Financial Leasing Company Limited ("**CTS Financial Leasing**"), which is held as to 30% indirectly by our Group upon completion of the acquisition. The share of profits of CTS Financial Leasing amounted to approximately RMB0.6 million for the six months ended 30 June 2021.

Profit before Taxation

As a result of the foregoing factors, the profit before taxation for the six months ended 30 June 2021 increased by approximately RMB90.1 million, to approximately RMB157.4 million (six months ended 30 June 2020: approximately RMB67.3 million).

Income Tax

For the six months ended 30 June 2021, income tax increased by approximately RMB23.7 million, or approximately 133%, to approximately RMB41.5 million from approximately RMB17.8 million in the corresponding period in 2020. Such increase was mainly due to higher profit before taxation recorded during the period.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Profit for the Period

For the six months ended 30 June 2021, the net profit of the Group amounted to approximately RMB116.0 million, representing an increase of approximately RMB66.5 million from approximately RMB49.5 million in the corresponding period in 2020.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the six months ended 30 June 2021. Total assets increased by approximately 10% to approximately RMB1,395.9 million (31 December 2020: approximately RMB1,273.1 million), total equity increased by approximately 35% to approximately RMB384.4 million (31 December 2020: approximately RMB285.1 million).

Capital Expenditure

Capital expenditure for the six months ended 30 June 2021 amounted to approximately RMB7.8 million and capital commitments as at 30 June 2021 amounted to approximately RMB32.2 million. Both the capital expenditure and capital commitments mainly related to the purchases of property, plant and equipment. The Group anticipates that funding for those commitments will come from the proceeds from initial public offerings ("**IPO**"), future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

The Group's borrowings as at 30 June 2021 and 31 December 2020 are summarised below:

	30 June 2021		31 December 2020	
	RMB'000	**%**	RMB'000	%
Short-term borrowings	**141,419**	**75**	192,978	80
Long-term borrowings	**47,360**	**25**	49,078	20
Currency denomination				
– RMB	**188,779**	**100**	200,464	83
– HKD	**–**	**–**	41,592	17
Borrowings				
– secured	**188,779**	**100**	242,056	100
Interest rate structure				
– fixed-rate borrowings	**188,779**	**100**	242,056	100
Interest rate				
– fixed-rate borrowings		**4.3%-7.7%**		4.30-10.00%

As at 30 June 2021, the Group's gearing ratio was approximately 72% (31 December 2020: approximately 77%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2021 and 31 December 2020 respectively.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Use of proceeds

The Company has received net proceeds of approximately HK$115.6 million after deducting the underwriting fee and commissions and relevant expenses in connection with the global offering on 16 October 2017. On 27 November 2018 and 31 January 2019, the Board resolved to change the proposed use of proceeds from that originally set out in the prospectus for the global offering. Details of which are set out in the announcements of the Company dated 27 November 2018 and 31 January 2019 respectively. The unutilised proceeds have been placed with the licensed banks and financial institutions in Hong Kong and the PRC as interest-bearing deposits. Set out below is a summary of the original allocation of the net proceeds, the revised allocation of net proceeds and the utilisation of the net proceeds:

	Original allocation HK$'000	Revised allocation HK$'000	Utilization as at 30 June 2021 HK$'000	Remaining balance at at 30 June 2021 HK$'000	Expected timeline for full utilization of the remaining proceeds
Finance the expansion of the CNG refuelling station network	104,000	19,500	19,500	–	–
Strengthen the marketing and promotion strategies	5,800	5,800	4,037	1,763	By the end of 2021
General working capital	5,800	5,800	5,800	–	–
Establishment of an industry merger and acquisition fund	–	50,000	–	50,000	By the end of 2021
Acquisition of Silver Spring and assignment of the shareholder's loan	–	34,500	34,500	–	–
Total	115,600	115,600	63,837	51,763	

The Board considers that the changes in the use of proceeds and the treatment of unutilised proceeds are fair and reasonable, and would meet the financial needs of the Group more efficiently and enhance the flexibility in financial management of the Company. The Board is of the view that the reallocation is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group and is in the best interests of the Company and the Shareholders as a whole. The Directors will continuously assess the business objectives of the use of proceeds and will revise or amend such plans to cope with the changing market conditions to ensure the business growth of the Group.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Pledge of Assets

As at 30 June 2021, the aggregate carrying amount of the property, plant and equipment of the Group of RMB11,074,000 were pledged for the Group's bank and other loans and bank acceptance bills facilities. As at 30 June 2021, bank loans and bank acceptance bills facilities of the Group amounted to RMB112,000,000.

Contingent Liabilities

As at the date of this Interim Report and as at 30 June 2021, the Board is not aware of any material contingent liabilities.

Human Resources

As at 30 June 2021, the Group had 1,718 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds scheme according to the applicable laws and regulations of the PRC for its employees in the PRC and made contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerated its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted the share option scheme on 21 September 2017 (the "**Share Option Scheme**"), under which eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 30 June 2021, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

The Group had no significant investment, material acquisitions or disposals for the six months ended 30 June 2021. As at the date of this Interim Report, the Group is still in the process of conducting due diligence on the possible acquisition of Jilin Zhongyuan Petroleum Sales Co., Limited* (吉林中源石油銷售有限公司) as disclosed in the announcement of the Company dated 7 December 2020. The Company will make further announcement as and when appropriate pursuant to the requirements under the Listing Rules.

Foreign Exchange Risk Management

The Group's sales and purchases during the period were mostly denominated in RMB.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally as well as the demand and supply of RMB. The appreciation or devaluation of RMB against foreign currencies may have an impact on the operating results of the Group.

The Group currently does not maintain a foreign currency hedging policy. However, the Group's management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

2. BUSINESS PROSPECTS

In the context of the transformation and upgrading of China's energy consumption structure, China's natural gas demand has maintained a strong growth momentum. According to the *Blue Book of World Energy: Annual Development Report on World Energy (2020)*, China's natural gas consumption will continue to maintain rapid growth during the period of the "14th Five-Year Plan". The natural gas consumption in 2025 is expected to reach 482.7 billion cubic meters, which is about 1.59 times that of 2019. And the compound growth rate of natural gas consumption in 2020-2025 is estimated to reach about 8.4%.

The China–Russia East-Route Natural Gas Pipeline reaching its design capacity and the intensive investment and construction of coastal LNG terminals will also stimulate the rapid development of the natural gas industry. Driven by multiple factors such as the gradually increased rate of China's urbanization, the increasingly complete layout of natural gas pipeline networks, and improved environmental governance, China's demand for natural gas will still continue to grow and the natural gas industry will still be in a golden period for development. In September 2020, President Xi Jinping mentioned explicitly in a general debate of the 75th UN General Assembly that "China will strive to reach the peak of carbon dioxide emissions by 2030, and strive to achieve carbon neutrality by 2060"; at the 2021 National Conference, "peak carbon dioxide emissions" and "carbon neutrality" were included in the government work report for the first time. In the ninth meeting of the Central Finance and Economics Committee held in March 2021, it was reiterated that "peak carbon dioxide emissions" and "carbon neutrality" should be included in the overall plan for the construction of ecological civilization. As the clean energy with the lowest carbon emission among all fossil energies, natural gas plays a key role in the process of energy transformation and has huge potential for future development and growth.

In recent years, China's oil production has basically stabilized at around 190 million tons, with the import volume increasing year by year. With the expansion of China's oil refining capacity, it is expected that the crude oil demand in China will continue to grow in the next few years. By the end of the "14th Five-Year Plan", it is expected that the domestic oil demand will gradually approach the peak level of 730 million to 750 million tons. The natural gas industry will also face broad opportunities and promising prospects for future development.

Looking forward to the second half of 2021, as a leading operator for vehicle-use compressed natural gas refuelling stations and petroleum refuelling stations in Jilin Province, the Group will seize the favorable opportunity of the macroeconomic recovery and the substantially increasing market demand in oil and gas in the upcoming future. The Group will continue to dedicate itself to the business of natural gas distribution and transportation, and to stabilizing its market position of compressed natural gas stations. The Group will strive for coordinated development of petrol stations and gas stations, actively seek new opportunities to expand our businesses, to enhance the Group's competitiveness in the industry and create higher values for our shareholders.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which (a) were required to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required to be and were entered in the register required to be maintained by the Company pursuant to section 352 of the SFO, or (c) were required, pursuant to the Model Code, as otherwise notified to the Company and the Stock Exchange, were as follows:

Long Position in the Shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding in the Company
Mr. Zhao Jinmin ("**Mr. Zhao**") *(Note 1)*	Interest of a controlled corporation	209,829,240 (long position)	56.03%
Mr. Liu Yingwu ("**Mr. Liu**") *(Note 2)*	Interest of a controlled corporation	27,287,600 (long position)	7.29%

Notes:

1. *These underlying shares comprise (i) 138,049,240 Shares held in the name of Golden Truth Holdings Limited ("**Golden Truth**"); and (ii) 71,780,000 Shares held in the name of Propitious Peak Limited ("**Propitious Peak**"). Propitious Peak is wholly owned by Golden Truth which is in turn wholly owned by Mr. Zhao, our Chairman, an executive Director and Chief Executive Officer. By virtue of the SFO, Mr. Zhao is deemed to be interested in the shares in which Golden Truth and Propitious Peak are interested.*

2. *These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year Limited ("**Heroic Year**"); and (ii) 9,700,000 Shares held in the name of Amber Heyday Limited ("**Amber Heyday**"). Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director. By virtue of the SFO, Mr. Liu is deemed to be interested in the shares in which Heroic Year and Amber Heyday are interested.*

Long Position in the Shares of the Associated Corporations

Name of Director	Relevant Company	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of shareholding in the company
Mr. Zhao Jinmin	Golden Truth Holdings Limited	Beneficial owner	100	100%
	Propitious Peak Limited	Beneficial owner	100	100%

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2021 and to the best knowledge of the Directors and chief executives of the Company, persons (other than Directors or chief executives of the Company) who had an interest or short position, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Substantial shareholders

Name of Shareholder	Nature of interest/Capacity	Number of Shares	Approximate percentage of shareholding in our Company
Golden Truth *(Note 1)*	Beneficial owner and Interest of Controlled Corporation	209,829,240	56.03%
Propitious Peak *(Note 1)*	Beneficial owner	71,780,000	19.17%
Ji Yuanyuan *(Note 2)*	Interest of spouse	209,829,240	56.03%
Xu Hang *(Note 3)*	Interest of controlled corporation	37,931,400	10.13%
Dynamic Fame Global Limited *(Note 3)*	Beneficial owner and Interest of Controlled Corporation	37,931,400	10.13%
Immense Ocean Limited *(Note 3)*	Beneficial owner	14,550,000	3.89%
Heroic Year *(Note 4)*	Beneficial owner and Interest of Controlled Corporation	27,287,600	7.29%
Ma Dan *(Note 5)*	Interest of spouse	27,287,600	7.29%

Notes:

1. *These underlying shares comprise (i) 138,049,240 Shares held in the name of Golden Truth; and (ii) 71,780,000 Shares held in name of Propitious Peak Limited. Propitious Peak is wholly owned by Golden Truth which is in turn wholly owned by Mr. Zhao, our Chairman, an executive Director and Chief Executive Officer.*

2. *Ji Yuanyuan is the spouse of Mr. Zhao. By virtue of the SFO, Ji Yuanyuan is deemed to be interested in the shares in which Mr. Zhao is interested.*

3. *These underlying shares comprise (i) 23,381,400 Shares held in the name of Dynamic Fame Global Limited ("**Dynamic Fame**"); and (ii) 14,550,000 Shares held in name of Immense Ocean Limited ("**Immense Ocean**"). Immense Ocean is wholly owned by Dynamic Fame is in turn wholly owned by Ms. Xu Hang, our substantial shareholder. By virtue of the SFO, Ms. Xu Hang is deemed to be interested in the shares in which Dynamic Fame and Immense Ocean are interested.*

4. *These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year; and (ii) 9,700,000 Shares held in name of Amber Heyday. Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director.*

5. *Ma Dan is the spouse of Mr. Liu. By virtue of the SFO, Ma Dan is deemed to be interested in the shares in which Mr. Liu is interested.*

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who also had interests or short positions on the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The terms of the Share Option Scheme approved and adopted by the Company on 21 September 2017 (the "**Share Option Scheme**") are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and to enable to the Company and its subsidiaries to recruit and retain high-calibre employees.

The Directors may, at their discretion, offer eligible persons (being full time or part time employees, executive directors, non-executive directors and independent non-executive directors or consultant of the Group or any person whom the Board considers, in its sole discretion, has contributed or contributes to the Group) who the Board may in its absolute discretion select to subscribe the shares.

Initially the maximum number of shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate number of the shares in issue as at the date of the Listing equivalent to 23,450,200 shares of the Company, which is 6.26% of the issued share capital of the Company as at the date of this Interim Report.

The total number of shares which may be issued upon exercise of all the options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the aggregate number of the shares in issue from time to time.

Unless approved by shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option scheme adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) in any 12-month period must not exceed 1% of the shares in issue as at the date of grant.

The vesting periods, exercise periods and vesting conditions maybe specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of grant.

At the time of the grant of the options, the Company may specify any performance target(s) which must be achieved before the options can be exercised. The Share Option Scheme does not contain any performance targets.

The amount payable by a grantee on acceptance of a grant of options is HK$1.00. The subscription price for the shares of the Company being the subject of the options shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

The Share Option Scheme will expire on 20 September 2027. No options have been granted under the Share Option Scheme as at 30 June 2021, or as at the date of this Interim Report.

CORPORATE GOVERNANCE

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2021, except the following:

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive Directors were unable to attend the annual general meeting of the Company that was held on 11 June 2021 respectively due to their overseas commitments.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. After the change of the chief executive officer with effect from 31 December 2020, Mr. Zhao is both the chairman of the Board and the chief executive officer of the Company.

The Board considers that having the same person to perform the roles of both the chairman and the chief executive officer provides the Company with strong and consistent leadership, and allows effective and efficient planning and implementation of business decisions and strategies. Such structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals and having meeting regularly to discuss issues affecting the operations of the Group.

AUDIT COMMITTEE

The Company established the Audit Committee on 21 September 2017 with written terms of reference in compliance with the CG Code as set forth in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include the review of the financial reporting, risk management and internal control system of the Group. Currently, the Audit Committee comprises Mr. Lau Ying Kit (Chairman), Ms. Su Dan and Mr. Zhang Zhifeng, all of whom are independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2021, and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include the review of Directors' and senior management's remuneration packages, bonuses and other compensation. Currently, the Remuneration comprises Mr. Liu Yingwu who is an executive Director and Mr. Zhang Zhifeng and Ms. Su Dan who are independent non-executive Directors. The Remuneration Committee is chaired by Mr. Zhang Zhifeng.

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference in compliance with the Corporate CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitability qualified to become members of the Board. Currently, the Nomination Committee comprises Mr. Xu Huilin who is a non-executive Director, and Ms. Su Dan and Mr. Zhang Zhifeng who are independent non-executive Directors. The Nomination Committee is chaired by Ms. Su Dan.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set forth in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the Directors of the Company. Having made specific enquiry with all Directors, all the Directors confirmed that they have complied with the Model Code throughout the period under review.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2021.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and bankers for their support to the Group throughout the period.

By Order of the Board
United Strength Power Holdings Limited
Mr. Zhao Jinmin
Chairman and chief executive officer

Hong Kong, 26 August 2021