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**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)**

**CONTINUING CONNECTED TRANSACTION  
REVISION OF ANNUAL CAPS FOR  
THE PROVISION OF PETROLEUM AND  
LIQUEFIED GAS TRANSPORTATION SERVICE**

**BACKGROUND**

Reference is made to the Announcement in relation to, among others, Jieli Logistics as service provider and Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) as service recipient entering into the Petroleum and Liquefied Gas Transportation Service Agreement, pursuant to which Jieli Logistics provides petroleum and liquefied gas transportation service through the transportation vehicles owned by Jieli Logistics at such time and to such petroleum and liquefied gas refineries or facilities locations as requested by the relevant service recipient in consideration of the transportation service fee for a term from 11 June 2021 to 31 December 2023.

**REVISED ANNUAL CAPS**

Since August 2021, the sales generated from the Provision of Petroleum and Liquefied Gas Transportation Service has increased. Based on estimates of demand and operating conditions, the Directors expect that the existing annual caps in respect of the Provision of Petroleum and Liquefied Gas Transportation Service provided by Jieli Logistics to Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) for the years ending 2021, 2022 and 2023 will not be sufficient for the Group's business growth. Accordingly, the Company proposed to revise the annual caps for the Provision of Petroleum and Liquefied Gas Transportation Service. Save for the proposed revision of annual caps, all terms and conditions as stipulated under the Petroleum and Liquefied Gas Transportation Service Agreement remain unchanged.

## **LISTING RULES IMPLICATIONS**

Mr. Zhao, one of the Controlling Shareholders, owned more than 30% of the registered capital in Changchun Yitonghe. Hence, Changchun Yitonghe is regarded as an associate of Mr. Zhao, and hence a connected person of the Company pursuant to Rule 14A.12(1)(c) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed revision of annual caps for the annual transportation service fee regarding the Provision of Petroleum and Liquefied Gas Transportation Service is more than 0.1% but less than 5%, the Provision of Petroleum and Liquefied Gas Transportation Service is subject to the compliance with the announcement, reporting and annual review (for continuing connected transactions) requirements but exempted from circular (including the independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the Announcement in relation to, among others, Jieli Logistics as service provider and Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) as service recipient entering into the Petroleum and Liquefied Gas Transportation Service Agreement, pursuant to which Jieli Logistics provides petroleum and liquefied gas transportation service through the transportation vehicles owned by Jieli Logistics at such time and to such petroleum and liquefied gas refineries or facilities locations as requested by the relevant service recipient in consideration of the transportation service fee for a term from 11 June 2021 to 31 December 2023. Salient terms of the current Petroleum and Liquefied Gas Transportation Service Agreement are set out as follows:

## **CURRENT PETROLEUM AND LIQUEFIED GAS TRANSPORTATION SERVICE AGREEMENT**

- Date : 11 June 2021
- Parties : (1) Jieli Logistics (as service provider); and  
(2) Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) (as service recipient).
- Term : From 11 June 2021 to 31 December 2023.
- Major terms : Jieli Logistics agreed to provide petroleum and liquefied gas transportation service through the transportation vehicles owned by Jieli Logistics at such time and to such petroleum and liquefied gas refineries or facilities location as requested by the relevant service recipient in consideration of the transportation service fee to Jieli Logistics by the service recipient.

- Determination of service fee : The service fee for the petroleum and liquefied gas transportation service is determined and measured by the actual weight of the petroleum or liquefied gas and the actual travelling distance.
- Payment term : Balance will be calculated on the following month and the invoice will be issued by Jieli Logistics to Changchun Yitonghe Related Companies by the end of each month and payment shall be settled within one month from the date of invoice.

## REVISED ANNUAL CAPS

The Changchun Yitonghe Related Companies have started to engage Jieli Logistics since 2021. Since August 2021, the sales generated from the Provision of Petroleum and Liquefied Gas Transportation Service has increased. As the business development and relationship between the Changchun Yitonghe Related Companies and Jieli Logistics have outperformed the Group's expectations, based on estimates of demand and operating conditions, the Directors expect that the existing annual caps in respect of the Provision of Petroleum and Liquefied Gas Transportation Service provided by Jieli Logistics to Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) for the years ending 2021, 2022 and 2023 will not be sufficient for the Group's business growth. Accordingly, the Company proposed to revise the annual caps for the Provision of Petroleum and Liquefied Gas Transportation Service. Save for the proposed revision of annual caps, all terms and conditions as stipulated under the Petroleum and Liquefied Gas Transportation Service Agreement remain unchanged.

As Changchun Yitonghe Related Companies have been engaging other Independent Third Parties as petroleum and liquefied gas transportation service providers for the two years ended 31 December 2020, no transportation service fee in respect of the provision of such petroleum and liquefied gas transportation service was paid by Changchun Yitonghe Related Companies to Jieli Logistics for the same period. Based on the aggregated unaudited figures for the ten months ended 31 October 2021, such transportation service fee paid by Changchun Yitonghe Related Companies to Jieli Logistics amounted to approximately RMB13.3 million. As disclosed in the Announcement, the annual cap of the transactions under the Petroleum and Liquefied Gas Transportation Service Agreement for the year ending 31 December 2021 was RMB14 million. As at the date of this announcement, the relevant transaction amount did not exceed the annual cap.

The proposed revised annual caps for the years ending 31 December 2021, 2022 and 2023 are set out below:

	Year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Existing annual caps in respect of the transportation service fee	14,000	19,000	21,000
Revised annual caps in respect of the transportation service fee	20,000	32,000	38,000

In determining the above revised annual caps, the Directors have considered generally:

- (a) the increasing historical amount of the transportation service fee of the petroleum and liquefied gas transportation service;
- (b) the aggregated rising demand from the Changchun Yitonghe Related Companies for the petroleum and liquefied gas transportation service during the ten months ended 31 October 2021 and the aggregated anticipated rising demand for the three years ending 31 December 2023;
- (c) the expected further increase of transportation service fee per ride as a result of the anticipated rising demand of long-distance transportation service to be procured by Changchun Yitonghe Related Companies; and
- (d) the anticipated rising market prices of petroleum and liquefied gas transportation service for the three years ending 31 December 2023.

#### **REASONS FOR AND BENEFITS OF THE PETROLEUM AND LIQUEFIED GAS TRANSPORTATION SERVICE AGREEMENT AND THE REVISED ANNUAL CAPS**

According to the Announcement, Jieli Logistics has been providing transportation service to the refineries and facilities of the Changchun Yitonghe Related Companies since 1 January 2021 and Jieli Logistics was expected to generate stable revenue streams from the Provision of Petroleum and Liquefied Gas Transportation Service.

With the increase in product demand and customer coverage by the customers of oil refineries, there has been an increase in transportation volume of petroleum and liquefied gas provided by Jieli Logistics. Jieli Logistics has been providing Petroleum and Liquefied Gas Transportation Service to the Changchun Yitonghe Related Companies by delivering petroleum and liquefied gas to, among others, Songyuan and Changchun in Jilin Province, Shenyang and Kuandian Manchu Autonomous County in Liaoning Province and Daqing in Heilongjiang Province, the PRC. The business development and relationship between the Changchun Yitonghe Related Companies and Jieli Logistics have outperformed the Group's expectations. In particular, (i) the demand for petroleum and liquefied gas has increased in Songyuan, leading to higher demand for transportation services; and (ii) there has been an increase in the number of customers at Songyuan, leading to more destination points and higher distance travelled. Based on the increasing historical amount, the Directors expect that the sales generated from the Provision of Petroleum and Liquefied Gas Transportation Service will be increased on a year-over-year basis for the two years ending 2023. Based on estimates of demand and operating conditions, the Directors expect that the existing annual caps in respect of the Provision of Petroleum and Liquefied Gas Transportation Service provided by Jieli Logistics to Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) for the years ending 31 December 2021, 2022 and 2023 will not be sufficient for the Group's business growth. In light of the increase in sales generated from the Provision of Petroleum and Liquefied Gas Transportation Service, the Directors are of the view that an increase in the revision of annual caps for the Provision of Petroleum and Liquefied Gas Transportation Service enables the Group to capture more sales from this transaction. Accordingly, the Company proposed to revise the annual caps for the Provision of Petroleum and Liquefied Gas Transportation Service.

The Directors, after reviewing the terms of the Petroleum and Liquefied Gas Transportation Service Agreement, are of the view that the Petroleum and Liquefied Gas Transportation Service Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms (or on terms which are no less favourable to the Group), in the ordinary and usual course of business of the Group and the terms of the Petroleum and Liquefied Gas Transportation Service Agreement as well as the proposed revision of annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Zhao, one of the Controlling Shareholders, owned more than 30% of the registered capital in Changchun Yitonghe, and Mr. Liu, one of the executive Directors, owned as to approximately 8.23% of Changchun Yitonghe, hence Mr. Zhao and Mr. Liu are regarded as having a material interest in the Provision of Petroleum and Liquefied Gas Transportation Service, and therefore have abstained from voting in the relevant board meeting of the Company.

## **LISTING RULES IMPLICATIONS**

Mr. Zhao, one of the Controlling Shareholders, owned more than 30% of the registered capital in Changchun Yitonghe. Hence, Changchun Yitonghe is regarded as an associate of Mr. Zhao, and hence a connected person of the Company pursuant to Rule 14A.12(1)(c) of the Listing Rules.

In respect of the revised annual caps for the Provision of Petroleum and Liquefied Gas Transportation Service under the Petroleum and Liquefied Gas Transportation Service Agreement, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Provision of Petroleum and Liquefied Gas Transportation Service is more than 0.1% but less than 5%, the Provision of Petroleum and Liquefied Gas Transportation Service and the revised annual caps are subject to the compliance with the announcement, reporting and annual review (for continuing connected transactions) requirements but exempted from circular (including the independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

### **INFORMATION OF CHANGCHUN YITONGHE**

Changchun Yitonghe and its subsidiaries are principally engaged in petroleum exploitation and refining, upstream petroleum supplies and research and development of petroleum products.

Based on publicly available information, Changchun Yitonghe is owned as to approximately 60.90% by Mr. Zhao, as to approximately 12.34% by Ms. Xu, as to approximately 8.23% by Mr. Liu, as to approximately 0.82% by Mr. Wang Qingguo, as to approximately 7.63% by Changchun Rundeshidai Investment Consulting Centre (Limited Partnership) (長春潤德時代投資諮詢中心(有限合夥)), as to approximately 6.30% by Changchun Shenglongshidai Investment Consulting Centre (Limited Partnership) (長春盛隆時代投資諮詢中心(有限合夥)), and as to approximately 3.78% by Changchun Huizhongshidai Investment Consulting Centre (Limited Partnership) (長春滙眾時代投資諮詢中心(有限合夥)) as at the date of this announcement.

## INFORMATION OF SONGYUAN PETROCHEMICAL

Jilin Province Songyuan Petrochemical Company Limited\* (吉林省松原石油化工股份有限公司) (“**Songyuan Petrochemical**”) is principally engaged in the production and sales of gasoline, diesel, propylene, propane, liquefied petroleum gas, n-butane, isooctane, sulfuric acid; light and heavy aromatics; transportation of dangerous goods; sales of raw oil (except dangerous chemicals); and other life services. Based on publicly available information, Songyuan Petrochemical is owned as to approximately 97.87% by Changchun Yitonghe and approximately 2.13% by Songyuan State-owned Capital Operation Company Limited\* (松原市國有資本經營有限責任公司) as at the date of this announcement.

## INFORMATION OF UNITED STRENGTH VEHICLE SERVICES

Jilin Province United Strength Vehicle Services Chain Company Limited\* (吉林省眾誠汽車服務連鎖有限公司) (“**United Strength Vehicle Services**”) is principally engaged in the operation and management of petroleum refuelling stations in Jilin Province. It is beneficially owned as to approximately 54.87% and approximately 45.13% by Beijing Zhonghui Hongcheng Investment Management Company Limited\* (北京眾輝弘晟投資管理有限公司) (“**Beijing Zhonghui**”), and Changchun Yitonghe respectively as at the date of this announcement.

Beijing Zhonghui is principally engaged in project investments; provision of catering and conference services; provision of financial and economic consultation and investment management; and leasing of office and business premises and vehicles. Based on publicly available information as at the date of this announcement, Beijing Zhonghui’s registered capital was owned as to approximately 82.33% by Xie Jingshan (謝京山) and as to approximately 17.67% by Dai Shaojun (代紹軍). To the best of the Directors’ knowledge, information and belief, the ultimate beneficial owners of Beijing Zhonghui are Independent Third Parties.

## INFORMATION OF JILIN SINO GAS YITONGHE

Jilin Sino Gas Yitonghe Petroleum Sales Limited Liability Company\* (吉林中油伊通河石油銷售有限責任公司) (“**Jilin Sino Gas Yitonghe**”) is principally engaged in the wholesale of ethanol gasoline, kerosene, and diesel; sale of retail gasoline, ethanol gasoline, kerosene, and diesel; distribution of lubricants, knitted textiles and daily necessities, hardware, household appliances, electronic products, cultural and sporting goods, labor insurance products, chemical products (except hazardous chemicals), auto parts; retail tobacco products. Based on publicly available information as at the date of this announcement, Jilin Sino Gas Yitonghe’s registered capital was owned as to approximately 55% by PetroChina Company Limited, a listed company on the Stock Exchange (stock code: 857) and the Shanghai Stock Exchange (stock code: 601857) and as to approximately 45% by Changchun Yitonghe. To the best of the Directors’ knowledge, information and belief, the ultimate beneficial owners of PetroChina Company Limited are Independent Third Parties.



## **INFORMATION OF THE GROUP**

The principal business of the Group is the sale of refined oil products to vehicular end-users by operating petroleum refuelling stations, operation of CNG, LNG and LPG refuelling stations and mixed refuelling stations which sell CNG and LNG and provision of petroleum and gas transportation services in Jilin, Liaoning and Heilongjiang Provinces.

## **INFORMATION OF JIELI LOGISTICS**

Jieli Logistics, an indirect wholly-owned subsidiary of the Company, is primarily engaged in the operation and management of petroleum and gas transportation services in Jilin Province of the PRC.

## **APPROVAL OF THE BOARD**

The Board (including the independent non-executive Directors) has considered and approved the proposed revision of annual caps under the Petroleum and Liquefied Gas Transportation Service Agreement. Save for Mr. Zhao and Mr. Liu, none of the Directors has any material interest in the Petroleum and Liquefied Gas Transportation Service Agreement. Mr. Zhao and Mr. Liu have abstained from voting in respect of the resolutions for the proposed revision of the annual caps.

Notwithstanding that Mr. Xu is a limited partner holding approximately 1.97% of interests in Changchun Shenglongshidai Investment Consulting Centre (Limited Partnership) (長春盛隆時代投資諮詢中心(有限合夥)), a 6.30% shareholder of Changchun Yitonghe, it is considered by the Board that Mr. Xu does not have a material interest in the Petroleum and Liquefied Gas Transportation Service Agreement and the transactions contemplated thereunder, and therefore he had not abstained from voting in respect of the resolutions for the proposed revision of the annual caps.

## **DEFINITIONS**

“Announcement”	the announcement of the Company dated 11 June 2021
“Board”	the board of Directors
“Changchun Yitonghe”	Changchun Yitonghe Petroleum Distribution Company Limited (長春伊通河石油經銷有限公司), a limited liability company established under the laws of PRC on 7 April 1997, which was owned as to 60.90% by Mr. Zhao, 12.34% by Ms. Xu, 8.23% by Mr. Liu, 0.82% by Mr. Wang Qingguo (王慶國先生), 7.63% by Changchun Rundeshidai Investment Consulting Centre (Limited Partnership) (長春潤德時代投資諮詢中心(有限合夥)), 6.30% by Changchun Shenglongshidai Investment Consulting Centre (Limited Partnership) (長春盛隆時代投資諮詢中心(有限合夥)), and 3.78% by Changchun Huizhongshidai Investment Consulting Centre (Limited Partnership) (長春滙眾時代投資諮詢中心(有限合夥)) as at the date of this announcement

“Changchun Yitonghe Related Company(ies)”	the company(ies) on behalf of which Changchun Yitonghe entered into the Petroleum and Liquefied Gas Transportation Service Agreement, namely, Jilin Province Songyuan Petrochemical Company Limited* (吉林省松原石油化工股份有限公司), Jilin Province United Strength Vehicle Services Chain Company Limited* (吉林省眾誠汽車服務連鎖有限公司) and Jilin Sino Gas Yitonghe Petroleum Sales Limited Liability Company* (吉林中油伊通河石油銷售有限責任公司)
“Company”	United Strength Power Holdings Limited (眾誠能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2337)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolution(s) relating to the subject matter to be proposed at the general meeting under the Listing Rules
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Jieli Logistics”	Jilin Province Jieli Logistics Company Limited (吉林省捷利物流有限公司), a limited liability company established under the laws of PRC on 21 April 2005, an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Yingwu (劉英武先生), a Shareholder and an executive Director
“Mr. Xu”	Mr. Xu Huilin (徐輝林先生), a non-executive Director



“Mr. Zhao”	Mr. Zhao Jinmin (趙金岷先生), a Controlling Shareholder of the Company, an executive Director, chief executive officer and the Chairman of the Board
“Ms. Xu”	Ms. Xu Hang (徐航女士), a substantial Shareholder
“Petroleum and Liquefied Gas Transportation Service Agreement”	the service agreement dated 11 June 2021 entered into between Jieli Logistics as service provider and Changchun Yitonghe (on behalf of the Changchun Yitonghe Related Companies) as service recipient in respect of the Provision of Petroleum and Liquefied Gas Transportation Service
“PRC”	The People’s Republic of China
“Provision of Petroleum and Liquefied Gas Transportation Service”	the provision of petroleum and liquefied gas transportation service at the relevant petroleum and liquefied gas refineries or facilities pursuant to the Petroleum and Liquefied Gas Transportation Service Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 7 December 2021

*As at the date of this announcement, the Board comprises four executive Directors, being Mr. Zhao Jinmin, Mr. Liu Yingwu, Mr. Yuan Limin and Mr. Ma Haidong, the non-executive Director, being Mr. Xu Huilin, and three independent non-executive Directors, being Ms. Su Dan, Mr. Lau Ying Kit and Mr. Zhang Zhifeng.*