眾誠能源

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

2021
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Xu Huilin

Independent Non-Executive Directors

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

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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Solana 2, Erdao District
Changchun
Jilin Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 4310, 43/F
China Resources Building
26 Harbour Road
Wanchai
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
2408, World-Wide House
19 Des Voeux Road Central
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

2337

COMPANY WEBSITE

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CONTACT DETAILS

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Financial Highlights

	2021 RMB'000	2020 RMB'000
Revenue	**5,830,081**	3,481,322
Gross profit	**612,724**	470,285
Profit for the year	**181,924**	124,363
Profit attributable to equity shareholders of the Company	**176,620**	123,283
Gross profit margin	**11%**	14%
Earnings per share		
— Basic & Diluted (RMB)	**0.47**	0.35
Total assets	**1,544,375**	1,273,135
Net assets	**448,661**	285,109

Chairman's Statement

Zhao Jinmin *Chairman & Chief Executive Officer*

Dear Shareholders,

I, on behalf of the board (the "**Board**") of directors (the "**Directors**") of United Strength Power Holdings Limited (hereinafter referred to as "**United Strength Power**", "**the Company**" or "**our Company**"), hereby present the annual business results of our Company and its subsidiaries (hereinafter collectively referred to as "**our Group**", "**we**" or "**us**") for the year ended 31 December 2021 (hereinafter referred to as the "**Reporting Period**").

BUSINESS REVIEW

In 2021, the world economy recovered slowly amidst challenges caused by the impact of new COVID-19 variants and the ongoing COVID-19 pandemic. Under the leadership of the Central Committee of the Chinese Communist Party and the State Council, China effectively prevented and controlled the pandemic and achieved economic development during the year. China's steadily recovering economy has demonstrated its strong resilience to risks and profound fundamentals. According to the National Bureau of Statistics, China's recorded gross domestic product of RMB114.37 trillion in 2021, representing an increase of 8.1% over the last year, ranking among the top economies in the world in terms of economic growth.

The year 2021 is not only the start of the "14th Five-Year" plan, but also the first year of the "Carbon Neutrality" plan. At the United Nations Conference in September 2020, President Xi Jinping set the goal of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060. This has provided a strong momentum for the robust development of natural gas, with natural gas production and demand maintaining steady growth. According to the data from the National Bureau of Statistics, China produced approximately 205.1 billion cubic metres of natural gas in 2021, a year-on-year increase of 7.72%. According to the data from the National Development and Reform Commission ("**NDRC**"), the apparent consumption of natural gas in China reached 372.6 billion cubic metres in 2021, an increase of 12.7% year-on-year.

In 2021, global demand for crude oil increased in line with the gradual economic recovery, but the supply of crude oil was affected by OPEC's regulation of production capacity, and market supply and demand remained tightly balanced with international oil prices fluctuating upwards. Brent crude oil closed the year at US$77.78 per barrel, up by more than 50% from last year. Despite several increases in the price of domestic refined oil products during the year in line with rising international oil prices, domestic consumption of refined oil products reached 341.48 million tonnes in 2021, up 3.2% year-on-year, basically returning to pre-pandemic levels, as demand recovered steadily with the economic recovery in China.

Benefiting from the national policy to support the development of natural gas business, the market for compressed natural gas stations grew rapidly. In addition, the Group actively strengthened its marketing and promotion strategies, enhanced service quality and expanded the network of compressed natural gas stations during the year, thus enhancing its competitive strength. Moreover, through the acquisition of Eternal Global Investment Limited ("**Eternal Global**") in 2020, the Group successfully expanded to the new refuelling business, oil wholesale and transportation business with a wider sales network, which also diversified our income sources. For the transportation business, the Group achieved revenue growth as transportation volumes continued to rise with increased demand from refinery customers and greater customer coverage. Under the leadership of our experienced management team and with the unremitting efforts of all staff members, the Group achieved operating profit of RMB293.0 million and profits attributable to shareholders of RMB176.6 million for the year.

FUTURE PROSPECTS

In 2022, as vaccination rates rise in major economies such as Europe and the United States, the global economy is expected to return from a restorative rebound to a normal and orderly recovery, and global energy demand is expected to rise.

In October 2021, the Central Committee of the Chinese Communist Party and the State Council jointly issued the "Opinions on Completely, Accurately and Fully Implementing the New Development Concept to Achieve Carbon Neutrality". As the top-level design document for the two phases of "carbon neutrality" and "carbon peaking", the Opinions set out the overall plan at central level for achieving "carbon neutrality" and "carbon peaking", and emphasized on building a clean, low-carbon, safe and efficient energy system. As a clean energy source, natural gas will play a more important role in the process of China's energy transition and upgrading to achieve the goal of "carbon peaking", which will bring another wave of development benefits to the natural gas industry.

Meanwhile, the China Natural Gas Development Report (2021) jointly published by the Department of Petroleum and Natural Gas of the National Energy Administration, the Institute of Resources and Environmental Policy of the Development Research Center of the State Council and the Oil and Gas Resources Strategic Research Center of the Ministry of Natural Resources stated that in the "14th Five-Year Plan" period and beyond, based on the goals of "carbon neutrality" and "carbon peaking" and the new economic and social conditions, the natural gas industry shall continue to improve its production, supply and sales system, meet the incremental demand for clean energy in economic and social development, promote the replacement of traditional energy sources by natural gas, and establish a new pattern of integrated development of natural gas and new energy in the modern energy system.

Benefiting from the rebound in consumer demand due to the receding pandemic, China's refined oil and automobile sectors are expected to recover at a faster pace in 2022. In particular, for new energy vehicles, the "Implementation Plan for Promoting Green Consumption" issued by seven departments and ministries, including the National Development and Reform Commission, in January 2022, proposed to vigorously develop green transportation consumption and gradually lift the restrictions on purchase of new energy vehicles in different regions. The increase in sales of new energy vehicles will drive the development of the entire automobile industry. With China's ongoing energy reform, growing demand for refined oil products and the rapid recovery of automobile market, there is still huge potential for the future development of oil and gas sales and transportation markets.

Looking ahead to the coming year, with the strong national support for development of clean energy, the Group will leverage on its extensive experience in the energy market in Northeast China to actively explore different sectors related to its principal business, continuously enhance its core competitiveness and promote business development and diversification of revenue sources. In addition, the Board will actively seek strategic cooperation and acquisitions and explore development opportunities in new energy sector to further broaden the Group's diversified portfolio in the new energy era and create greater returns for shareholders and staff through various channels and means.

APPRECIATION

In the year full of opportunities and challenges, the Group's continuous growth was driven by the continuous support of our shareholders, investors and business partners, as well as the hard work and dedication of our management and all staff members, for which the Board would like to express its sincere gratitude.

Zhao Jinmin
Chairman

Hong Kong

30 March 2022

Management Discussion and Analysis

Management Discussion and Analysis

1. INDUSTRY REVIEW

The year 2021 saw a gradual recovery in economic and social activity around the world despite the ongoing COVID-19 pandemic. For the oil and gas markets, 2021 was also a year of recovery from the downturn. Global demand for oil and gas improved significantly and consumption rose steadily as a result of favorable factors such as the recovery of the global economy, the resumption of regular social activities and the positive trend of recovery in consumer markets.

In 2021, remarkable results were achieved in pandemic prevention and control in China. Enterprises resumed operation and production in an orderly manner, and the economy recovered steadily in all aspects. Meanwhile, with the goals of "carbon peaking" and "carbon neutrality", the Chinese government promoted the optimisation and upgrading of energy structure, which created huge development potential for clean energy. Against this backdrop, China's natural gas market saw "robust supply and demand". In 2021, China produced 205.3 billion cubic metres of natural gas, an increase of 8.2% year-on-year, and the production increased by over 10 billion cubic metres for the fifth consecutive year. Imported natural gas amounted to 120 million tonnes, an increase of 19.9% year-on-year; and apparent consumption reached 372.6 billion cubic metres, an increase of 12.7% year-on-year, extending the positive growth momentum during the "13th Five-Year Plan" period. Meanwhile, China Oil & Gas Pipeline Network Corporation officially commenced operation, which enabled coordinated planning of the pipeline network and improved the resource allocation efficiency, thereby promoting the market-oriented development of the natural gas industry in China and bringing tremendous development opportunities to the industry.

In the oil market, the global oil supply remained low due to the extra production cuts implemented by Saudi Arabia and the effective supply management by OPEC during the year. Coupled with the recovery in crude oil demand under the large-scale stimulus policies around the world, international oil prices fluctuated upwards in 2021. Brent crude oil closed the year at US$77.78 per barrel, representing an increase of over 50% over 2020 and the largest yearly increase in five years. Oil remained an important driving force and component of China's domestic economic and social development. In 2021, the Ministry of Commerce issued the "Guidelines for Management of Petroleum and Refined Oil Products Distribution Industry" to facilitate the market-oriented development of refined oil products at the policy level. Despite several increases in the price of domestic refined oil products during the year in line with rising international oil prices, domestic consumption of refined oil products reached 341.48 million tonnes in 2021, an increase of 3.2% year-on-year, basically returning to pre-pandemic level, as demand steadily recovered.

In terms of the domestic automobile industry, according to the data from the China Association of Automobile Manufacturers, benefiting from policy support and the rebound in consumer demand following the receding pandemic, China's vehicle sales volume in 2021 increased by 3.8% year-on-year to 26.3 million units, staying number one in the world. In addition, China strongly supports the development of the new energy vehicle industry. In January 2021, the Inter-Ministerial Joint Conference on Energy Saving and New Energy Vehicle Industry Development was held in Beijing. The conference had in-depth discussions on measures to implement the New Energy Vehicle Industry Development Plan (2021-2035) and specified the key tasks for the development of the new energy vehicle industry. Encouraged by the policy, the sales volume of new energy vehicles in China exceeded 3.5 million units in 2021, with the market share increasing to 13.4%.

2. BUSINESS AND FINANCIAL REVIEW

Our Group is a leading operator of petroleum refuelling stations and CNG refuelling stations for vehicles in Northeastern China. We run 94 refuelling stations in Northeastern China as at 31 December 2021. Apart from the gas refuelling business and petroleum refuelling business, we have also diversified into the transportation of liquefied petroleum gas and petroleum by relying on the powerful transportation capability of a wholly owned subsidiary of the Group, Jilin Province Jieli Logistics Company Limited ("**Jieli Logistics**") and wholesale of refined oil products business.

The table below shows the location of and product offering at our refuelling stations as at 31 December 2021:

City, Province	Gas refuelling stations	Petroleum refuelling stations	Mixed (gas and petroleum) refuelling stations	Total number of stations
Changchun City, Jilin Province	6	24	6	36
Jilin City, Jilin Province	2	7	0	9
Liaoyuan City, Jilin Province	1	4	1	6
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	1	1	3
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	**18**	**43**	**9**	**70**
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:	**19**	**65**	**10**	**94**

Sales of refined oil business

The sales of refined oil mainly consisted of retail sale of refined oil to vehicular end-users by operation of petroleum refuelling stations and to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities and wholesale of refined oil. The Group also expanded its refuelling station network through entering co-operation agreements with small-size refuelling stations during 2021, the vehicular end-users can use the prepaid cards issued by the Group at these co-operative refuelling stations for the consumption of refined oil and natural gas. For 2021, the Group recorded sales of refined oil income of RMB5,539.3 million, representing a year-on-year increase of approximately 72% and accounted for approximately 95% of the total revenue of the same year. During the year, the sales volume of refined oil reached approximately 836 thousand tonnes (2020: approximately 656 thousand tonnes), representing an increase of approximately 27% as compared with 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.

Sales of natural gas business

The sales of natural gas are mainly conducted by our gas refuelling stations in China. For 2021, the Group recorded the sales of natural gas income of RMB236.4 million, representing a year-on-year increase of 13% and accounted for 4% of the total revenue of the same year. During the year, the sales volume of CNG reached 57.7 million cubic meters (2020: 51.8 million cubic meters), representing an increase of 11% as compared with 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.

Provision of transportation services

The provision of transportation services are conducted by Jieli Logistics. For 2021, the Group recorded the transportation income of RMB54.4 million (2020: RMB44.1 million), representing a year-on-year increase of 23% and accounted for 1% of the total revenue of the same year.

At present, Jieli Logistics and its subsidiary own and manage a fleet of over 100 dangerous goods transport vehicles, including 40 locomotives, 40 trailers and 36 head-mounted integrated vehicles (for petroleum transport), as well as 27 locomotives and 52 trailers (for gas transport).

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 (ii) the provision of transportation of petroleum and gas services. For 2021, the Group's revenue amounted to RMB5,830.1 million, representing an increase of RMB2,348.8 million or 67% from RMB3,481.3 million 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 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. In 2021, the Group's cost of sales increased by 73% to RMB5,217.4 million from RMB3,011.0 million 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 2021.

The gross profit for 2021 was RMB612.7 million (2020: RMB470.3 million), with a gross profit margin of 11% (2020: 14%). The decrease in gross profit margin was mainly due to the increase in the wholesales of refined oil products with lower gross profit margin which contributed higher proportion of the Group's total revenue in 2021. The increase in gross profit was mainly attributable to the increase in the sales volume of the Company's products, which was in line with the increase in revenue compared with that of the previous year.

Impairment Gain on Trade Receivables

Impairment gain on trade receivables was for recovery of trade receivables for which was impaired in the previous year. For 2021, impairment gain on trade receivables amounted to approximately RMB4.1 million (2020: approximately RMB1.9 million).

Other Income

Other income mainly comprises rental income, net gain on disposal of property plant and equipment and reversal of written-off receivable. For 2021, other income amounted to RMB12.2 million, representing an increase of RMB6.2 million from RMB6.0 million in 2020. The increase in other income was mainly attributable to the reversal of written-off receivable as a subsidiary of the Group received refund of deposit for purchase of land use rights and related interest from local government authorities during 2021.

Staff Costs

Staff costs mainly consisted of salaries, wages and other benefits and defined contributions retirement plan. For 2021, staff costs amounted to RMB161.7 million, representing an increase of RMB25.6 million from RMB136.1 million 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 2021.

Other Operating Expenses and Finance Costs

Other operating expenses, including utilities expenses, repair and maintenance expenses related to refuelling stations, professional fees and other general office expenses, increased from RMB60.8 million to RMB98.5 million. The increase was mainly attributable to increase in legal and professional fees and business entertainment and promotional expenses during 2021.

For 2021, the finance costs amounted to approximately RMB41.9 million (2020: approximately RMB26.9 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 in August 2020.

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 in 2021. The Group recognised non-recurring expenses of approximately RMB12.5 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 with China Travel Service International Financial Leasing Company Limited ("**CTS Financial Leasing**"), which is held as to 30% indirectly by our Group. The share of profits of CTS Financial Leasing amounted to approximately RMB1.0 million for 2021.

Profit before Tax

As a result of the foregoing factors, the profit before tax for 2021 increased by RMB81.3 million, constituting a profit before tax of RMB252.1 million (2020: RMB170.8 million).

Income Tax Expenses

In 2021, income tax expenses increased by RMB23.7 million, or 51%, to RMB70.2 million from RMB46.5 million in 2020. Such increase was mainly due to higher profit before taxation recorded during 2021.

Profit for the Year

For 2021, the net profit of the Group amounted to RMB181.9 million, representing an increase of RMB57.5 million from RMB124.4 million in 2020.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the year ended 31 December 2021. Total assets increased by 21% to RMB1,544.4 million (31 December 2020: RMB1,273.1 million) while total equity increased by 57% to RMB448.7 million (31 December 2020: RMB285.1 million).

Bank Balances and Cash

As at 31 December 2021, the Group's bank balances and cash amounted to RMB101.8 million (31 December 2020: RMB138.6 million).

Capital Expenditure

Capital expenditure to owned property, plant and equipment for the year ended 31 December 2021 amounted to RMB23.8 million and our Group's capital commitments as at 31 December 2021 amounted to RMB4.6 million. Both the capital expenditure and capital commitments are mainly related to the purchases of plant and equipment and the acquisition of Eternal Global. The Group anticipates that funding for those commitments will come from future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

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

	As at 31 December			
	2021		2020	
	RMB'000	**%**	*RMB'000*	*%*
Short-term borrowings	**207,453**	**82**	192,978	80
Long-term borrowings	**45,625**	**18**	49,078	20
Currency denomination				
– RMB	**253,078**	**100**	200,464	83
– HKD	**–**	**0**	41,592	17
Borrowings				
– secured	**253,078**	**100**	242,056	100
Interest rate structure				
– fixed-rate borrowings	**253,078**	**100**	242,056	100
Interest rate				
– fixed-rate borrowings	**4.3%-7.5%**		4.30%-10.00%	

As at 31 December 2021, the Group's gearing ratio was 71% (31 December 2020: 77%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2021 and 2020 respectively.

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. As disclosed in the announcement of the Company dated 30 March 2022, the Board has resolved to further reallocate the proceeds that originally assigned for the establishment of an industry merger and acquisition fund to the expansion of petroleum and gas refuelling station network. 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 March 2022 *HK$'000*	Remaining balance as at 30 March 2022 *HK$'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	4,972	828	By the end of 2022
General working capital	5,800	5,800	5,800	–	–
Establishment of an industry merger and acquisition fund	–	–	–	–	–
Acquisition of Silver Spring and assignment of the shareholder's loan	–	34,500	34,500	–	–
Expansion of petroleum and gas refuelling station network	–	50,000	–	50,000	By the end of 2023
Total	**115,600**	**115,600**	**64,772**	**50,828**	

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.

Pledge of Assets

As at 31 December 2021, the aggregate carrying amount of the property, plant and equipment of the Group of RMB9.2 million were pledged for the Group's bank and other loans and bank acceptance bills facilities. As at 31 December 2021, bank loans and bank acceptance bills facilities of the Group amounted RMB128,000,000. In addition, the Group's bank loan of RMB20 million was secured by the personal guarantee by Mr. Zhao Jinmin (趙金岷先生) ("**Mr. Zhao**"), the ultimate controlling shareholder, chief executive officer, executive director and chairman of the Board, and Ms. Ji Yuanyuan (姬媛媛女士), the spouse of Mr. Zhao.

Contingent Liabilities

As at the date of this report and as at 31 December 2021, the Board is not aware of any material contingent liabilities (2020: Nil).

Human Resources

As at 31 December 2021, the Group had 1,768 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 31 December 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

Save as disclosed in this report, the Group had no significant investment, material acquisitions or disposals for the year ended 31 December 2021.

Foreign Exchange Risk Management

The Group's sales and purchases during the reporting 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.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those known to the Group or which may not be material now but could turn out to be material in the future.

Inability to Control Costs

Refined oil and natural gas is the most important raw materials for our refuelling stations business and constitutes a majority of our cost of sales. Our cost of sales and gross profit margin are directly affected by the fluctuations of the purchase price of refined oil and natural gas.

The purchase price of refined oil and natural gas depends on a range of factors, including among others, the market demand and supply of refined oil and natural gas, the Urban Gate Station Price set by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), development of shale mining and alternative energy and the price trend of international crude oil. If we are unable to pass on the impact of the increase in purchase prices of refined oil and natural gas to our customers by adjusting our retail selling price in a timely manner due to price competition with other refuelling station operators which manage to procure refined oil and natural gas at lower costs, or if we misjudge the extent of adjustment of retail price at our refuelling stations, the Group's profit will be materially and adversely affected.

Supply Risk

A majority of the vehicle natural gas supply for natural gas refuelling stations operators relies on midstream natural gas processors which generally rely on the upstream supply. Vehicle natural gas refuelling station operators with limited bargaining power have to bargain for the gas price and supply with more sizeable gas suppliers in order to maintain their daily operation. Our suppliers may also occasionally encounter shortage of gas supply and may not be able to provide sufficient gas to us pursuant to the gas supply framework agreements, especially in time of significant fluctuation of fuel price in the market.

The supply of petroleum in the PRC is often in the hands of large state-owned enterprises and foreign petroleum suppliers. To ensure a stable and sufficient supply of fuels, refuelling station operators have to establish procurement channels and maintain good business relationship with midstream oil refineries or wholesale distributors. The Group cannot guarantee that its suppliers will continue to provide sufficient refined oil products to the Group especially in time of unpredicted increase in demands for refined oil products.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

3. BUSINESS PROSPECTS

In 2021, the Fourth Session of the 13th National People's Congress approved the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (the "**Outline**"). Continuing to push forward the energy revolution, building a clean, low-carbon, safe and efficient energy system, and improving the ability to secure energy supply is one of the key elements of the Outline. In the "Opinions on Accelerating the Utilisation of Natural Gas" previously published by the National Development and Reform Commission, it was clearly stated that China will improve its natural gas production capacity, increase the domestic supply of natural gas and gradually promote natural gas as one of the main energy sources in China's modern clean energy system. Guided by national policies, China's natural gas industry is expected to experience robust development as the most promising source of clean energy. According to Sinopec's research institution, China's natural gas demand is expected to reach 395 billion cubic metres in 2022. The China Natural Gas Development Report (2021) jointly prepared by the National Energy Administration and other state departments projected that by 2025, China's natural gas production will reach over 230 billion cubic metres and natural gas consumption will reach 430 billion to 450 billion cubic metres.

In terms of oil, the International Energy Agency was optimistic about the development of the global oil market, with global oil consumption expected to increase from 96.2 million barrels per day in 2021 to 99.53 million barrels per day in 2022, basically recovering to the pre-pandemic level. Recently, OPEC also raised its forecast for global oil demand in the first quarter of 2022 and maintained its forecast for global crude oil supply to recover to pre-pandemic level in 2022. With the steady recovery of China's macro economy, China's oil demand will continue to grow and is expected to gradually reach 730 million to 750 million tonnes by the end of the "14th Five-Year Plan" period.

As supply-side reforms continue to deepen, China's automotive market will also continue to grow. In particular, under the guidance of the national policy on automobile industry, breakthroughs will be made in new energy vehicle technology and the new energy vehicles industry will develop rapidly. In addition, in the context of ongoing pandemic prevention and control, concerns about the crowded situation in the public transport system will also lead to a growing consumer demand for private cars. The robust development of the oil and gas industry and the automotive industry will provide significant growth potential for the oil and gas sales and transportation market.

To capture the opportunities from recovery of the domestic oil and gas market and to promote business diversification, the Group completed the acquisition of Eternal Global in August 2020, which enabled the Group to expand to other business sectors including refuelling business, oil wholesale business and transportation services, further enhancing the Group's market competitiveness in the industry. Looking forward, the Group will leverage on its extensive industry experience, pay close attention to market movements and continue to actively seek strategic cooperation to further broaden the Group's diversified portfolio in the new energy era. Meanwhile, the Group will capitalise on the favorable opportunities arising from China's energy transition and continue to focus on the natural gas industry. It will also fully utilise the synergies between the existing natural gas refuelling business and the newly acquired refuelling and oil and gas transportation businesses to lay a solid foundation for the Group's stable development, thereby creating more valuable returns for shareholders.

With the interruption of economic activities in China brought by COVID-19, the Group's financial results may be affected. Having said that, the Group has strived its best to ensure the operation in China are functioning and it has managed to maintain stable supply of goods and services to the customers as at the date of this announcement. In view of the challenging business environment, the Group will continue to strictly monitor the situation and keep close contact with its suppliers to safeguard the stable supply of products. The Group will get prepared to overcome any hurdle ahead and realize its value to the Shareholders and business partners.

Corporate Governance Report

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance in order to safeguard the interests of the Shareholders and enhance the corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as its own code of corporate governance. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code. Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code throughout the year ended 31 December 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with each of the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2021. Details of the shareholding interests held by the Directors as at 31 December 2021 are set out in page 88 of this annual report.

BOARD OF DIRECTORS

The Board is responsible for determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board has a balanced composition of executive, non-executive and independent non-executive Directors to ensure independent viewpoints in all discussions. The Board currently comprises eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Board members are listed below:

Executive Directors

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

Non-Executive Director

Mr. Xu Huilin

Independent Non-executive Directors

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

Biographical information of the Directors is set forth on pages 79 to 81 of this annual report.

Each of the executive Directors (save for Mr. Yuan Limin and Mr. Ma Haidong) entered into a service contract with the Company commencing on 1 April 2017, and Mr. Yuan Limin and Mr. Ma Haidong have entered into a service contract with the Company for a term of three years commencing on 27 November 2018 and 24 August 2020 respectively, all of which may be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

The Company has issued an appointment letter to the non-executive Director for a term of three years commencing on 31 December 2020, which may be terminated in accordance with the provisions thereof by either party giving to the other not less than three months' prior notice in writing.

The Company has issued an appointment letter to each of the independent non-executive Directors (save for Mr. Zhang Zhifeng) commencing on 1 September 2017 and to Mr. Zhang Zhifeng commencing on 27 November 2018, all of which may be terminated in accordance with the provisions thereof by either party giving to the other not less than three months' prior notice in writing.

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 2021, 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.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When the Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman of the Board or the relevant chairman of the Board Committee prior to the meeting.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions made, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board and Board Committee meeting are kept by the duly appointed secretary of the meeting and are open for inspection by Directors.

In 2021, four Board meetings were held and the attendance of each Director at the meeting is set out in the table below:

Director	Number of Board meetings attended
Mr. Zhao Jinmin	4/4
Mr. Liu Yingwu	4/4
Mr. Ma Haidong	4/4
Mr. Yuan Limin	4/4
Mr. Xu Huilin	4/4
Ms. Su Dan	4/4
Mr. Lau Ying Kit	4/4
Mr. Zhang Zhifeng	4/4

The company secretary of the Company (the "**Company Secretary**") is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. During the year ended 31 December 2021, Mr. Lo Wai Kit was the Company Secretary.

The Chairman had a meeting with the independent non-executive Directors without the presence of executive Directors in 2021.

According to current Board practice, any material transaction, which involves a conflict of interests due to a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association (the "**Articles**") also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each of the newly appointed Directors on his/her first appointment in order to enable him/her to have an appropriate understanding of the business and operations of the Company and to be fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. During the year, the Group has provided training materials for all the Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Group, together with its compliance adviser, continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for financial year ended 31 December 2021 is set out below:

Directors	Type of CPD
Executive Directors	
Mr. Zhao Jinmin	B
Mr. Liu Yingwu	B
Mr. Ma Haidong	B
Mr. Yuan Limin	B
Non-Executive Director	
Mr. Xu Huilin	B
Independent Non-executive Directors	
Ms. Su Dan	B
Mr. Lau Ying Kit	A and B
Mr. Zhang Zhifeng	B

Notes:

A: *attending briefings/seminars/forums/workshops/conference relevant to the business or directors' duties*

B: *reading regulatory updates on laws, rules and regulations relating to directors' roles and functions*

AUDIT COMMITTEE

During the year under review, the primary responsibilities carried out by the Audit Committee include:

– making recommendations to the Board on the appointment and reappointment of the external auditors, as well as approving the remuneration and terms of engagement of the external auditors;

– reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– monitoring the integrity of the financial statements of the Company and the Company's annual report and accounts, interim report and quarterly report, and reviewing significant financial reporting judgments contained in such reports; and

– overseeing the Company's financial reporting system, risk management and internal control systems, including but not limited to, review of financial control, risk management and internal control systems, consideration of actions to be taken in respect of any findings of major investigations of risk management and internal control matters as delegated by the Board or at its own initiative and management's response thereto, and review of the Group's financial and accounting policies and practices.

The Audit Committee comprises Mr. Lau Ying Kit, Ms. Su Dan and Mr. Zhang Zhifeng who are independent non-executive Directors. The Audit Committee is chaired by Mr. Lau Ying Kit.

Two meetings were held with the management and the external auditors in 2021. Members of Audit Committee attendance at committee meetings held during their term of office are listed below:

	Number of Audit Committee Meetings attended/held
Committee members	
Mr. Lau Ying Kit *(Chairman)*	2/2
Ms. Su Dan	2/2
Mr. Zhang Zhifeng	2/2

Full minutes of the Audit Committee are kept by the Company Secretary and were sent to all committee members for their comment and records, within a reasonable time after the meeting.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no different view taken by the Audit Committee from the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

A set of written terms of reference, which described the authority and duties of the Audit Committee, was adopted by the Board on 21 September 2017 and the contents of which are in compliance with the CG Code. The said terms of reference of the Audit Committee adopted by the Board are available on Hong Kong Exchanges and Clearing Limited's ("**HKEx**") website at www.hkexnews.hk and on the Company's website at www.united-strength.com.

REMUNERATION COMMITTEE

During the year under review, the primary responsibilities carried out by the Remuneration Committee include:

– making recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management, and on the establishment of a formal and transparent process for developing the remuneration policy;

– determining the specific remuneration packages of all executive Directors and senior management, as well as making recommendations to the Board in relation to the remuneration of non-executive Directors;

– reviewing and approving performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time;

– ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

– approving the terms of executive Directors' service contracts.

The Remuneration Committee 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.

One meeting was held in 2021. Members of Remuneration Committee attendance at committee meetings held during their term of office are listed below:

	Number of Remuneration Committee Meeting attended/held
Committee members	
Mr. Liu Yingwu	1/1
Ms. Su Dan	1/1
Mr. Zhang Zhifeng	1/1

A set of written terms of reference, which described the authority and duties of the Remuneration Committee, was adopted by the Board on 21 September 2017 and the contents of which are in compliance with the CG Code. The said terms of reference of the Remuneration Committee adopted by the Board are available on the HKEx's website at www.hkexnews.hk and on the Company's website at www.united-strength.com.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted full disclosure of remunerations of Directors with disclosure by name, amount and type in note 8 to the financial statements.

The remuneration of the members of senior management by bands in 2021 is set out below:

Remuneration bands	Number of individuals
Nil–HK$1,000,000	2

NOMINATION COMMITTEE

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. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, and assess the independence of independent non-executive Directors. A set of written terms of reference, which described the authority and duties of the Nomination Committee, was adopted by the Board on 21 September 2017 and the contents of which are in compliance with the CG Code. The said terms of reference of the Nomination Committee adopted by the Board are available on the HKEx's website at www.hkexnews.hk and on the Company's website at www.united-strength.com.

The Nomination Committee adopted a policy concerning diversity of Board members (the "**Board Diversity Policy**"), which is achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience of the Board members. The Nomination Committee will review the Policy on a regular basis and discuss any revisions that may be required, and recommend any such revisions to the Board for approval.

The Nomination Committee shall identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

In evaluating and selecting a candidate for directorship, the following criteria should be considered:

– Character and integrity;

– Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

– Any measurable objectives adopted for achieving diversity on the Board;

– Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; and

– Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

One meeting was held in 2021. Members of Nomination Committee attendance at committee meeting held during their term of office are listed below:

	Number of Nomination Committee Meetings attended/held
Committee members	
Ms. Su Dan *(Chairman)*	1/1
Mr. Xu Hulin	1/1
Mr. Zhang Zhifeng	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties set out in code provision D.3.1 of the CG Code as follows:

(i) developing and reviewing the Group's policies and practices on corporate governance and making recommendations to the Board;

(ii) reviewing and monitoring the training and continuous professional development of directors and senior management;

(iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements (where applicable);

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors; and

(v) reviewing the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, results and cash flow of the Group in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2021, the Directors have selected appropriate accounting policies and applied them consistently; made judgement and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The statement by the external auditor of the Company regarding their reporting responsibilities of the financial statements of the Group is set forth in the Independent Auditor's Report on page 98 of this annual report.

EXTERNAL AUDITORS

The Group appointed KPMG as the Group's principal external auditors. The acknowledgement of their responsibilities for the audit of the consolidated financial statements of the Group is set forth in the Independent Auditor's Report on pages 94-100 of this annual report.

The remuneration paid or payable to KPMG for services rendered in respect of the year ended 31 December 2021 is as follows:

	2021 RMB'000
Annual audit and interim review services	5,800
Other audit services	400
Total	6,200

RISK MANAGEMENT AND INTERNAL CONTROLS

In the course of conducting our business, we are exposed to various type of risks, including business risks, financial risks, compliance risks and operation and other risks. The Company improves its business and operational activities by identifying the area of significant business risks via a regular review and taking appropriate measures to control and mitigate these risks. The Board is ultimately responsible for the risk management of the Group and is granted full authority to maintain the soundness and effectiveness of the internal control system and risk management procedures of the Group to ensure efficient and effective use of the Group's resources to assist the Group in achieving its operation objectives, safeguarding the Group's assets against any unauthorized use or disposal, ensuring an appropriate maintenance of accounting records and the availability of reliable financial information and ensuring compliance of the operating activities with laws and regulations. The internal control systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of the Group and to only provide reasonable and not absolute assurance against material misstatement or loss.

Objectives of the risk management and internal control implemented by the Company include:

(1) Identifying matters that may have potential impacts on the Company;

(2) Formulating appropriate control measures for risk management within our risk profile; and

(3) Providing reasonable assurance for the Board and the management in achieving its operating objectives.

Procedures used by the Company for identification, assessment and management of significant risks, as well as review of the effectiveness of the risk management and internal control systems include:

– Reviewing existing documentation and conducting interviews with management and key business officers of the Company to identify key risks, and keeping records in the internal risk assessment report;

– Identifying, consolidating and analyzing existing and potential risks;

– Evaluating and formulating tackling measures in response to identified risks;

– Implementing testing procedures to confirm the existence of key controls and effectiveness of control in the course of operations;

– Identifying possible defects in respects of control designs and exercise of control in the course of key operations; and

– Confirming relevant issues and arriving at a modification plan in response to the internal control defects, and following up the implementation.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board is responsible for maintaining an adequate internal control system to safeguard shareholders investments and Company assets and reviewing the effectiveness of such through Audit Committee on an annual basis. The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues and makes recommendations. An annual review of the effectiveness of the system of internal controls of the Group will be conducted.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in an ongoing monitoring of the risk management and internal control systems of the Group. They had communicated with the Company on their findings and recommendations. The Board is of the view that the internal control measures in place are adequate and effective to safeguard the interest of shareholders and the Group's assets.

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the period covering all material controls, including financial, operational and compliance as well as risk management. The Board considers that the Group's risk management and internal control, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal control and financial reporting functions, are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

The executive Directors closely monitored the Group's business and corporate developments and events so that potential inside information would be identified promptly. The Company regulates the handling and dissemination of inside information by restricting access to inside information to a limited number of employees and parties on a need-to-know basis. Employees who are in possession of inside information are conversant with their obligations to preserve confidentiality. External parties, such as financial printer, are required to sign confidentiality agreement or non-disclosure agreement. Inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Inside information shall be disseminated via the electronic publication system operated by the Stock Exchange before the information is released via other channels, such as the press or posting on the Company's website. In respect of the year ended 31 December 2021, the Board considered the risk management and internal control systems effective and adequate. No significant areas of concern which might affect shareholders were identified.

DIRECTORS AND OFFICERS INSURANCE

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

Appropriate insurance covers on directors' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure from the business of the Group since the Listing Date.

SHAREHOLDERS' RIGHTS

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. Annual and interim reports offer comprehensive information to shareholders on operational and financial performance whereas annual general meetings provide a forum for shareholders to exchange views directly with the Board. The Company regards annual general meetings as important events and all Directors (including independent non-executive Directors), senior management and external auditors shall make an effort to attend such meetings to address shareholders' queries. All shareholders are given a minimum of 20 clear business days' notice of the date, venue and agenda of such meetings and a minimum of 10 clear business days' notice of the date, venue and agenda for all other general meetings. All resolutions put to vote at the Company's general meetings are taken by poll. Poll results are published on the websites of the Company and the Stock Exchange.

In accordance with the Articles, one or more shareholders holding, at the date of the deposition of requisition, not less than one-tenth of the paid up capital of the Company having the right to vote at general meetings may request by writing for the attention of the Directors or the Company secretary to convene extraordinary general meetings and put forward proposals at such meetings of which not less than 21 days' notice has been duly given. The purposes of the meetings and the businesses to be transacted in the meeting must be specified in the requisition and lodged with the principal place of business of the Company in the PRC at No. 2101, Unit 1, Block 23, Zone G, Solana 2, Erdao District, Changchun, Jilin Province, the PRC.

If a shareholder wishes to nominate a person to stand for election as a Director at a general meeting, the relevant documents must be validly served on the Company's Hong Kong branch share registrar and transfer office or principal place of business in PRC within the requisite period of time. The full details of the procedures for Shareholders to propose a person for election as a Director were posted on the website of the Company at www.united-strength.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all executive Directors, independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The Board adopted a shareholders' communication policy on 21 September 2017 to set out the Company's procedures in providing the shareholders with prompt and equal access to information about the Company, in order to enable the shareholders to access the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The annual general meeting of 2021 ("**2021 AGM**") was held on 11 June 2021. The notice of the 2021 AGM was sent to the shareholders of the Company at least 20 clear business days before the 2021 AGM.

The attendance record of the directors at the general meeting is set out below:

Directors	Attendance/ Number of general meetings
Mr. Zhao Jinmin	0/1
Mr. Liu Yingwu	0/1
Mr. Ma Haidong	0/1
Mr. Yuan Limin	1/1
Mr. Xu Huilin	0/1
Ms. Su Dan	0/1
Mr. Lau Ying Kit	1/1
Mr. Zhang Zhifeng	0/1

To promote effective communication, the Company maintains a website at http://www.united-strength.com, where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

The Group believes that investor relations are important to a listed company to enhance its transparency and corporate governance. During the year, the executive Directors and senior management of the Group have maintained sound communications with the investment community by actively participating in various investor-related activities and meetings. On these occasions, the Group's investor relations representatives introduced the Group's strengths and growth strategies in order to gain support and recognition from the market and investors. Investors are welcome to share their views with the Board by writing to the Company at its Hong Kong headquarters or sending enquiries to the Company's website at www.united-strength.com.

CONSTITUTIONAL DOCUMENTS

From the Listing Date and up to 31 December 2021, the Company has not made any significant changes to its Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board through the Chairman of the Board on governance matters and also facilitates induction and professional development of Directors. The Company Secretary reports to the Chairman of the Board. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable law, rules and regulations are followed.

During 2021, Mr. Lo Wai Kit, the Company Secretary, had attended no less than 15 hours of relevant professional seminars to update his skills and knowledge as required under Rule 3.29 of the Listing Rules.

Environmental, Social and Governance Report

I. PREAMBLE

Energy is a crucial foundation for national economic and social development. Clean energy, which is "green" and low-caron, is rapidly developing into an integral component of China's energy supply system. The exploration and use of clean energy is of great importance in improving the energy structure, protecting the ecological environment, coping with the climate change, and attaining sustainable economic and social development. As stated in the "Energy Production and Consumption Transition Strategy" (《能源生產和消費革命戰略》) issued by the National Development and Reform Commission and the National Energy Administration, the additional increasing energy demand will mainly be met by clean energy by 2030, which implies that the country has paid great effort on promoting low-carbon energy and speeding up the deployment of a low-carbon circular economy system orienting green development. Among the paths, opportunities and challenges to achieve China's "Carbon Neutrality" goal in 2060, China's clean energy industry is expected to achieve leapfrog development and make positive contributions to international cooperation in dealing with climate change and environmental issues.

As an economical and environmentally friendly green energy and chemical raw material, natural gas has been widely used over the globe. In accordance to the "Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People's Republic of China", natural gas, which is the most low-carbon and clean fuel among fossil fuels, plays the key role in the promotion of "Emission Peak" and "Carbon Neutrality". As one of the fast-growing and leading operators of gas and petroleum refuelling and energy transportation in China, United Strength Power Holdings Limited and its subsidiaries (the "**Group**") is principally engaged in natural gas sales and transportation services. In August 2020, the Group completed the acquisition of Eternal Global Investment Limited, which laid a solid foundation for the Group to enter business areas including petroleum refuelling business, petroleum wholesale business and transportation services, and to expand its petroleum refuelling business and gas refuelling business network further in Northeast China. Jieli Logistics acquired by the Group also successfully opened up business services in gas, liquified petroleum gas and gasoline transportation services, which largely satisfies the Group's demand for safe and stable gas transportation service.

As an enterprise that take energy green reform as its guiding principles for development, the Group is aware that building a safe, reliable, flexible, and resilient supply chain and operating system, and achieving orderly development in natural gas industry ecology are indispensable for achieving "dual carbon" goal and "Beautiful China". Adhering to the principle of speeding up the construction of "Gasification of Jilin", the Group is committed to integrating the values and concepts of sustainability into its long-term business strategy. While pursuing economic returns, the Group considers that the environmental and social development and corporate governance in which it operates, as an integral part of the high-quality development of its business. Since its inception, the Group keeps learning to understand and implementing ESG policy concepts. Taking global and industry best practices as its goals, the Group keeps optimizing its ESG project management procedures, constructing a standardized ESG data management system, and actively seeking to achieve sustainable development at enterprise and value chain levels, adhering to the national and local policy requirements.

In 2021, the overall global epidemic situation got alleviations, the domestic economy has gradually recovered and maintained a steady growth momentum. In order to have sound implementation of the government's policies and measures on epidemic prevention and control, the Group prioritises the health and safety of its employees and customers, constantly improves the epidemic monitoring and early warning, and quick response system. In the post-epidemic era, the Group aims to lead the industry's sustainable development in the aspects of talents recruitment, employee management, product and service innovation, and practising social responsibility.

2021 is a unique year, in which China has achieved its first "Centenary Goal", and moving towards its second "Centenary Goal". As one of the enterprises that incorporates sustainable development into the Group's development principle, the Group has highly regarded "Environmental Friendliness", "Inclusive Growth" and "Corporate Social Responsibility" as the core content for attaining its corporate value and business mission. Looking into the future, the Group will further formulate and implement farsighted systematic ESG strategy to create long-term value for all its stakeholders.

II. ABOUT THE REPORT

In strict compliance with the requirement under Appendix 27 – Environmental, Social and Governance Reporting Guide of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), the Group is pleased to present the ESG Report for the year ended 31 December 2021 ("**FY2021**"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2021. The information disclosed in this ESG report was gathered through numerous channels, including internal policies and data of the Group, the feedback of the implementation of ESG practices in the Group, stakeholder surveys, online surveys for the collection of the relevant information about the practices of the Group in sustainability. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity. This report has been compiled in both English and Chinese and published together on the Group's website www.united-strength.com.

Boundary Setting

This ESG report defines the boundary of information disclosure with operational control approach. The disclosure of this ESG report covers the Group's major business operations, that are the sale of refined oil and natural gas by operating gas refuelling stations and storage facilities, the wholesale of refined oil, and the provision of transportation of petroleum and natural gas services. The Group identifies and evaluates the entities the Group processes under normal operation in FY2021, and incorporates these entities, including 29 gas refuelling stations, 73 petroleum refuelling stations and transportation businesses in Northeast China, into the boundary of FY2021 ESG report.

Reporting Principles

As the reporting principles underpin the preparation of the ESG report, the main ESG performance of the Group in FY2021 of this ESG report has been determined and disclosed under the principles of materiality, quantitative, balance and consistency.

APPLICATION OF ESG REPORTING PRINCIPLES

Materiality

The application of the Materiality principle is one of the cores for the Group to effectively identify key ESG issues and reasonably allocate manpower and resources to manage and control related ESG risks. During the year under review, the Group maintained effective communication with its key stakeholders based on the overall strategic impact. Conducting an annual ESG materiality assessment survey, the Group used feedback from participants as a strong basis for materiality assessment. Another application of the Group's materiality principle is reflected in the Group's data management of ESG report disclosure. In order to reflect the Group's ESG performance in a clear and focused manner, the Group effectively classifies, manages, supervises and collects data on the ESG performance of all entities within its operating scope to ensure accountability.

Quantitative

The application of the Quantitative principles in this ESG report is mainly reflected in the Group's accurate calculation and disclosure of various quantitative key performance indicators under environmental and social aspects. The "Emissions" and "Use of Resource" chapters in this ESG Report are based on quantitative analysis to quantitatively analyse and disclose the Group's greenhouse gas "(**GHG"**) emissions and consumption of various resources in FY2021.

Balance

The Group follows the Balanced principle in the disclosure of ESG performance to ensure that true and effective ESG information is conveyed to its stakeholders. For instance, the Group fully assesses the material ESG risks it faces especially climate risks and opportunities, which the Group discloses the assessment results in an unbiased manner, so as to truly reflect the Group's sustainable development performance in FY2021 to readers.

Consistency

In accordance with the principle of Consistency, the Group adheres to the clear presentation of its ESG performance of the past year to readers through adopting the same scoping process, data collection system, data calculation method and reporting framework to prepare this ESG Report. The Group follows the "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs." issued by HKEx and the method recommended by the Intergovernmental Panel on Climate Change (IPCC) Emission Factor Database, to calculate its carbon footprint.

III. SUSTAINABILITY MANAGEMENT

The Group has been constructing a complete corporate management structure, integrating its sustainable operation philosophy and management model into its sound risk management system, strives to integrate the implementation and development of the ESG strategy with the Group's business development vision under the existing group governance structure. Since its establishment, the Group has been advocating and adhering to the concept of responsible development, earnestly fulfilling its commitments to stakeholders, polishing up the quality of products and services with ingenuity, and embracing innovative technology and advanced operating procedures. The Group has adopted a "top-down" management strategy in its sustainable development governance, in which the Board of Directors is responsible for overseeing the implementation of ESG-related matters, ensuring the barrier-free communication between the management and employees of the entire Group, encouraging subsidiaries and employees to actively respond to the national strategic deployment for the sustainable development of the energy industry with actions, and achieving effective implementation of the policies for sustainable development within the enterprise.

The Group has established the Central Safety Committee, which consists of the company's president, vice president, and managers from various business department. The Central Safety Committee is mainly responsible for the following:

1. Formulate material issues to the Group, such as guidelines, policies, principles and objectives related to occupational health and safety;

2. With the support of professional ESG consultants, examine the ESG policies and regulations, stakeholder demands and other external factors that are closely related to the development of the Group;

3. Review the ESG performance of the Group, and determine the direction and strategy for improvement;

4. Take up the responsibility and supervise the implementation of safety, health and environment protection measures;

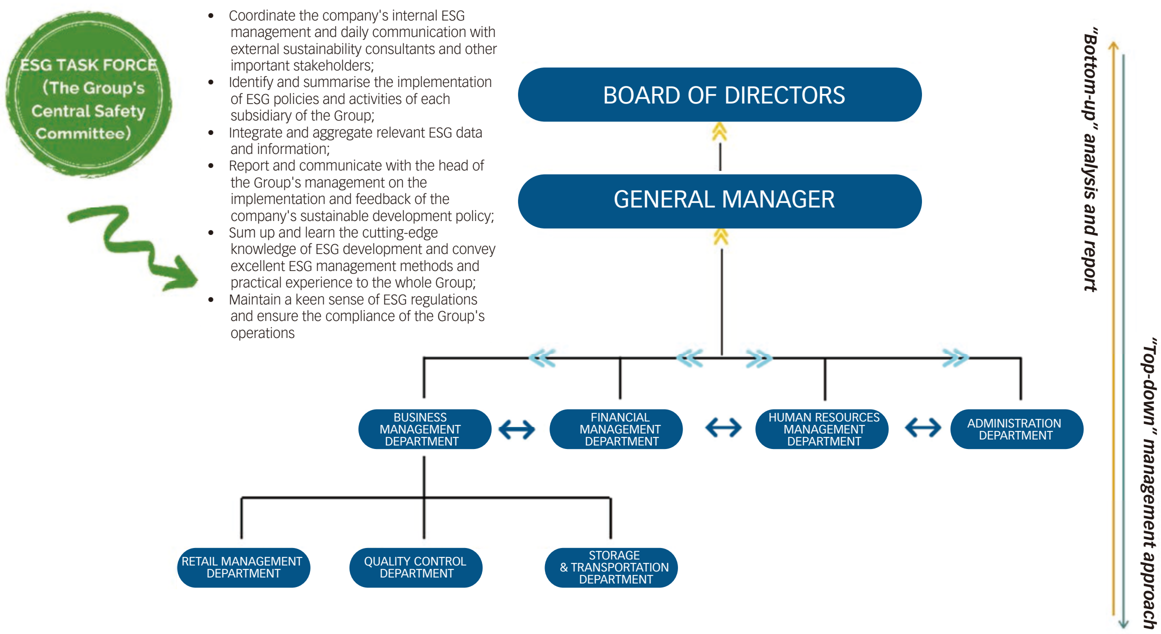
5. Assess the performance of subcommittees and facilitate them to perform their due functions;

6. Establish a thorough ESG organisation and safety mechanism;

7. Review ESG management procedures;

8. Study and review major ESG management issues such as safety and environmental protection.

The Central Safety Committee and the management provide advice and up-to-date information to the Board on a regular basis through briefing sessions or written submissions. The Central Safety Committee reviews and assesses the ESG-related performance and achievements of the Group twice a year. The Central Safety Committee then categorizes, ranks, and prioritizes the results reviewed, and put forward suggestions for improvement, so as to lay a foundation for the target management and strategy direction. Then the assessment results will be reported to the Board of the Group in the form of reports. Based on the consolidation of the feedback from the management, Central Safety Committee, and external expert group, the Board identifies and forecasts on major ESG risks, and their impacts on the long-term development of the Group based on past data and current situation. The Board puts forward implementation plan on the identified major ESG issues and related risks, and keeps abreast of the progress of policy implementation and effectiveness of risk management in a timely manner through management tracking and reporting on the performance of all business levels under the relevant Key Performance Indicators ("**KPIs**"). For instance, in response to the reform of the Group's operation for optimization of the safety management mechanism, the Board emphasises safety work practices by issuing "Implementation Plans for Optimizing Safety Management in the Marketing Section of Changchun Zhongcheng Investment Development Group", which defines the responsibility and the performance review process clearly of relevant departments, to achieve effective tracking on the improvement of the safety management level of the Group.



The Group adheres to the sustainable management approach of "Safety, Effective Prevention, Health Protection, Environmental Improvement, People-Oriented, Sustainable Development", and through the establishment of a goals and metrics management system, the Group sets appropriate goals and indicators in realms of operational safety and service quality at the beginning of each year. The well-established goals are refined, planned, and implemented in a "top-down" manner from the top management under effective supervision and regular reviews. In the future, the Group is committed to further improving the sustainable management system in key areas through strategic partnerships.

BOARD RESPONSIBILITY

The Group understands that the Board has the responsibility to monitor and ensure that the Group's development in a sustainable manner. The Board is also responsible to manage and mitigate impacts from various risks. To lead the Group in risk management, the Board has collective responsibilities to supervise and ensure that the Group integrates ESG concepts and the principles of sustainable development with the long-term development strategy of the Group. The diversified Board members of the Group perform their duties and responsibilities in the following aspects:

- Supervise the Group's environmental and social impact assessment, and monitor the identified key ESG risks;
- Understand the short-term, medium, and long-term impact from changes of ESG policies on the Group's business;
- Understand and confirm the results of the Group's ESG materiality assessment, and ensure an effective execution of ESG information reporting;
- Facilitate a "top-down" culture of sustainable development to ensure that the considerations of ESG are incorporated into business development and decision-making processes.

IV. STAKEHOLDER ENGAGEMENT

Effective stakeholder involvement is an indispensable part of the Group's sustainable development strategy. The Group has been committed to maintaining effective communication with its important stakeholders via various channels, to ensure that the Group can keep abreast of the dynamics and emerging risks and opportunities of the markets, in which it operates, and adapt to the ever-changing environment to improve its business operation.

Throughout these years, the Group maintains long-term and stable communication with its stakeholders through the channels listed, and regularly reviews and adjusts its ESG management policies to meet the needs of stakeholders.

Types of Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	– Compliance with laws and regulation in operations – Anti-corruption policies – Occupational health and safety – Strengthen the implementation of emergency management – Give full play to the leading role in the industry and guide the industry towards sustainable development – Establish a sound corporate operating mechanism and a long-term plan for sustainability development	– Supervision on the compliance with local laws and regulations – Regular reports and tax payments – Response to the published policies and documents of the government
Shareholders	– Returns on investment – Corporate governance – Business compliance – The Group maintains the corporate culture and operation concept of "Full Safety, Prevention First, Health Protection, Environmental Improvement, People-Oriented, Sustainable Development"	– Regular corporate reports and announcements – Annual general meetings – Official website of the Group
Employees	– Employees' remuneration and benefits – Career path and training scheme – Healthy and safe workplace – Better serve the society and provide employment and learning opportunity for the unemployed – Further optimise the efficient operation of the management system	– Employees' performance appraisals – Regular meetings and training – Emails, notices, hotline, and team-building activities with the management
Customers	– Price and quality assurance – Product safety and risk control – Strengthen actions to protect environment	– Customer satisfaction surveys – Face-to-face meetings and onsite visits – Customer service hotline and emails

Types of Stakeholders	Expectations and Concerns	Communication Channels
Suppliers	– Fair and open procurement – Win-win cooperation with upstream and downstream partners – Supply chain risk management	– Open tender – Suppliers' satisfaction surveys – Telephone discussions – Face-to-face meetings and onsite visits – Industry seminars
Professional organisation	– Improve sustainable development system – Fulfil environmental and social responsibilities	– Telephone discussions – Surveys and online engagement – Meetings (informal or annual general meetings)
Media	– Cater to the trend of national energy development, open up the market and utilization for new energy – Protect rights and interests of employees – Protect privacy and right of customers – Support environmental protection and public welfare of the local community	– Press conferences – Social media platforms
General public	– Engagement in community activities – Business compliance – Conform to business ethics – Environmental protection awareness – Attach importance on cyber security and systematic risks prevention	– Media conferences and response to enquiries – Public welfare activities – Face-to-face interviews

In order to keep align with the sustainability development trend of global initiatives, the Group has actively communicated with its stakeholders, and carried out investigation and analysis on their concerned United Nation Sustainable Development Goals (SDGs), aiming to respond to the call of United Nations for actions on no poverty, environmental protection, and ensuring peace and prosperity for all, through constructing and implementing the plan towards achieving United Nations Sustainable Development Goals.

According to the survey results, the Group incorporated Goal 7 on the basis of the original Goal 3, Goal 4 and Goal 17, as the key concerns in the progress of the Group's future sustainability development, and as the cornerstone of the realisation of the Group's corporate vision.

- Goal 3: Good health and well-being – "Ensure healthy lives and promote well-being for all at all ages."
- Goal 4: Quality education – "Receiving high-quality education is the foundation of improving people's lives and achieving sustainable development."
- Goal 17: Partnership for the goals – "Strengthen the means of implementation and revitalise the global partnership for sustainable development."
- Goal 7: Affordable and clean energy – "Ensure universal access to affordable, reliable and modern energy."

Reference: http://www.undp.org/content/undp/en/home/sustainable-development-goals.html

For the sake of tackling and achieving the call and concerns from stakeholders of the SDGs and to benchmark the global sustainable development goals and leading practices, the Group, under the leadership and supervision of the Board, has contributed or commits to contributing to global sustainable development in the following areas:

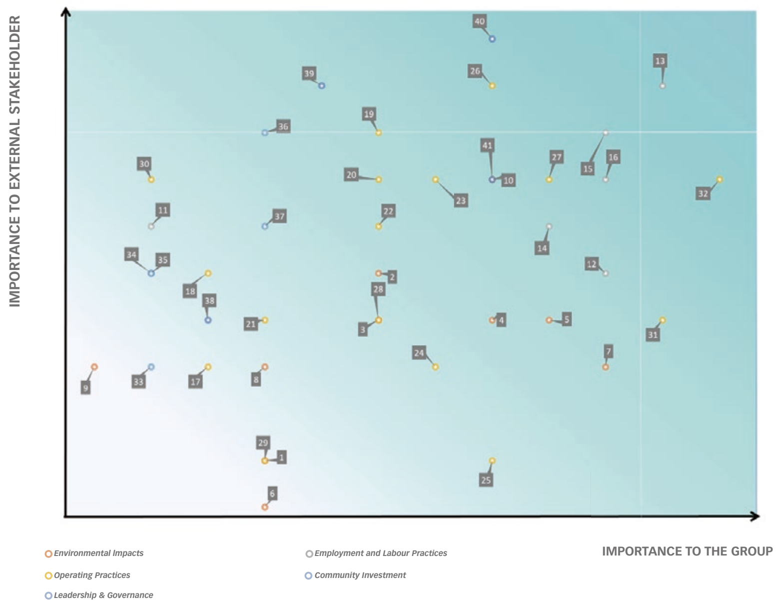
Key United Nations Sustainable Development Goals	Enterprise Actions Directions and Targets	Enterprise Policies, Activities and Advocated Development
3 GOOD HEALTH AND WELL-BEING	• With the goal of practising "zero-accident" principle in improving safety performance, and establishes a strong culture of safety within the Group • Regulated all members of the Group to take the policies as the guide to actively identify, evaluate, reduce, and control occupational health and safety-related hazards and risks in the operation process, and kept improving and effectively implementing the policy • In response to the national call to fight against the epidemic with all its strength, coordinated the deployment to facilitate the epidemic prevention and economic and social development	• Policies implemented such as "Safety Management Red Lines", "Hazardous Waste Management Procedures", "Implementation Plans for Optimizing Safety Management in the Marketing Section", "Implementation Plan for Epidemic Prevention and Control", "Occupational Health Management System", and so on • Incorporated the occupational disease-related knowledge in the annual plans of units at all levels, and trained the employees according to the plans • Safety and Environment Department is responsible for tracking the implementation of the Group's occupational health and safety-related policies, and urging rectifications through regular inspections
4 QUALITY EDUCATION	• Based on the principle of "Consolidating Corporate Culture, Being Customer-Oriented, Improving Professional Quality, Enhancing Core Competitiveness of Corporate Talents", established the training and development centres, online training platforms, and full-time and part-time lecturing mechanism • Took training as the medium to implant the Group's sustainable development policy into its employees and cultivate the innovative thinking and "green" development thinking throughout the Group	• Established training centre of the Group, E-learning training platforms and so on • Improved and implemented internal training policies, such as training management program, enterprise regulating training • Launched diversified training courses throughout the year, including such training topics as "Principle of Customer Reception and Complaint Handling", "Training on Fire-related Knowledge (including the use and management of fire-fight equipment), "Investigation and Remediation System of Potential Accident of Safety Production", "Refuelling Operation Procedures Training", "Safety Code for Electrical Explosion Protection in Hazardous Places" and so on

Key United Nations Sustainable Development Goals	Enterprise Actions Directions and Targets	Enterprise Policies, Activities and Advocated Development
17 PARTNERSHIPS FOR THE GOALS	• Strengthened collaboration with business partners in the field of sustainable development and product/service innovation through knowledge sharing and technical cooperation • Utilised its strength as the leader in the industry to coordinate resources and initiate more innovative projects that are beneficial to environmental, ecological, and social development	• Through the internal and external cooperation with multiple-party, initiated and implemented the V20 project of ground-tank handover, achieved automatic data extraction and information control of oil import, sales, and storage operations • During the year under review, the non-inductive payment function was equipped into fuel dispensers, and pilot scheme was carried out at various gas stations, which is planned to be fully implemented in 2022
7 AFFORDABLE AND CLEAN ENERGY	• Strive to improve the corporate energy efficiency through scientific and technological innovations, business development and process standardisation, and actively explore the wide application of renewable energy	• Encouraged the installation and use of solar panels in suitable areas • Created targets and implementation plans for energy conservation and emission reduction • Improved the data tracking system, making the tracking of energy use and intensity information more transparent

Materiality Assessment

The Group adheres to the principle of materiality as the foundation for its ESG management and conducts an annual review to determine the main concerns and significant interests of its stakeholders on ESG matters. In FY2021, the Group appointed an independent third-party organisation and invited its stakeholder representatives to participate in the Group's materiality assessment survey. The Group first selected its internal and external stakeholders based on the influence of its stakeholders and the degree of their dependence on the Group. The internal and external stakeholders selected included the internal management of the Group, general staff from all business segment as well as representatives from customers, community groups, suppliers, media, and government agencies. The selected stakeholders expressed their views on a universe of relevant corporate ESG management and related issues through online questionnaires. Specifically, the questions in the questionnaire covered topics including the company's environmental impact, employment status, supply chain management model, product responsibility management, implementation of anti-corruption policies, community investment, leadership, and governance, etc. The Group mapped the results of the survey into a materiality matrix as shown below, which has been confirmed by the Board to be the result of the materiality assessment of the Group for FY2021. The results can help the Group to effectively identify ESG issues matter most, thereby achieving effective business management.

Stakeholder Engagement Materiality Matrix



1	GHG Emissions	15	Preventing Child and Forced Labour	29	Products Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/ Services		

Through the materiality analysis, the Group identified 'Occupational Health and Safety' as the issue of high importance. Under this issue, the Group has been unceasingly optimizing its management structure and approaches. The Group implemented numerous measures to control the occupational health and safety risks of its employees (for details, please refer to section B.2 Health and Safety). The survey helps the Group to prioritise and allocate more resources to the research about relevant topics of sustainable development, while disclosing its performance in relevant fields in this ESG report.

Stakeholder Feedback

As the Group strives for excellence, the Group welcomes stakeholders' feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views about ESG matters with the Group via the Group's email info@united-strength.com.

V. ENVIRONMENTAL SUSTAINABILITY

Establishing a sound "green" and low-carbon circular development economy system and promoting the comprehensive "green" reform on the economic and social development, are the fundamental strategies to solve the resources, environmental and ecological problems of our country. During the "14th Five Year" plan period, the ecological civilization will attain further advancement. In order to pursue the long-term sustainable development of the environment and communities in which the Group operates, the Group has committed to controlling its emissions and managing resource consumption. The Group also complies with the environmental laws and regulations of the People's Republic of China ("**PRC**") in its daily operations, including but not limited to:

– Environmental Protection Law of the People's Republic of China;

– Environmental Impact Assessment Law of the People's Republic of China;

– Water Pollution Prevention and Control Law of the People's Republic of China;

– Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste;

– Energy Conservation Law of the People's Republic of China;

– Regulations of Jilin Province on Ecological Environment Protection; and

– Measures for the Administration of Hazardous Waste Transfer Forms.

This section primarily discloses the Group's policies, practices and quantitative data on emissions, use of resources, the environment and natural resources in FY2021.

A.1 Emissions

In FY2021, the Group was in compliance with applicable laws and regulations during its daily operations. The Group did not violate laws or regulations that posed significant impact on the Group. The covered areas included air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise pollution. The Group adheres to the developmental concept of "innovation, coordination, greenness, openness, and sharing", actively controls energy consumption and continuously explores environmentally friendly operating models to reduce the environmental impacts of the Group's emissions.

Given the nature of its operations, air pollutants from the Group including sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**") and particulate matter ("**PM**") were mainly generated from the logistics vehicles for the transportation. In FY2021, the Group's air emissions of SO_x, NO_x and PM amounted to 77.9 kg, 78,934.8 kg, and 6,466.2 kg respectively. In accordance with the national facilitation on the construction of "Peak Carbon Dioxide Emissions", "Carbon Neutrality" and "1 + N Policy System", enterprises have the responsibility to commit to reform their operation mode towards "green" and low-carbon. In FY2021, the GHG emissions from the Group were primarily caused by the burning of fossil fuels for the transportation of the fleet and the electricity consumption in office operations. The Group's total GHG emissions amounted to 18,452.7 tonnes of CO2e, with an intensity of 10.4 tonnes CO2 e/employee. In addition, the Group generated certain amounts of solid waste and wastewater during its operations. During the year under review, the Group generated a total of 767.1 tonnes of non-hazardous solid commercial and domestic wastes with an intensity of 0.4 tonnes/employee, while 11,710.4 tonnes of non-hazardous commercial and domestic wastewater was discharged from the Group with an intensity of 6.6 tonnes/employee. During the year under review, the Group did not generate any hazardous wastes. The Group's total emissions in FY2021 are summarised in Table 1 below.

A specific department of the Group is responsible for the management of the potential environmental risks generated in its daily operation. Specifically, the Safety and Environment Department is responsible for ensuring that the operation activities of the business of refuelling stations comply with the local environmental requirements, as well as formulating and implementing such internal policies as "Hazardous Waste Management Procedures", effectively managing all kinds of environmental protection equipment, in the meantime, hiring a qualified third-party professional organization to manage, recycle and dispose the hazardous waste. The logistics business segment of the Group established the Storage and Logistics Department to formulate and implement logistics safety and environmental protection requirements in accordance with national laws and regulations. The Storage and Logistics Department strictly manages the transportation vehicles used in the logistics business, requiring the vehicles to comply with the national environmental requirements on emissions, and refuels them with oil products and other clean energy that meet the environmental protection standards.

Table 1 – The Group's Total Emissions by Category in FY2021[8]

Emission Category	KPI	Unit	Amount in FY2021	Intensity (Unit/ employee) in FY2021[1]	Intensity (Unit/ employee) in FY2020[2]
Air Emissions[3]	SO_x	Kg	77.9	4×10^{-2}	0.1
	NO_x	Kg	78,934.8	44.7	31.6
	PM	Kg	6,466.2	3.7	2.3
GHG Emissions	Scope 1[4] (Direct Emissions)	Tonnes of CO_2e	12,917.5	7.3	5.5
	Scope 2[5] (Energy Indirect Emissions)	Tonnes of CO_2e	5,502.9	3.1	3.6
	Scope 3[6] (Other Indirect Emissions)	Tonnes of CO_2e	32.2	2×10^{-2}	1.5×10^{-2}
	Total (Scope 1, 2 & 3)	Tonnes of CO_2e	18,452.6	10.4	9.2
Non-hazardous Waste	Solid Waste	Kg	767,102.5	433.9	123.0
	Wastewater[7]	Tonnes	11,710.4	6.6	6.5

- *Intensity of FY2021 was calculated by dividing the amount of air, GHG and other emissions by the number of employees of the Group as of 31 December 2020 in FY2021, which was 1,768;*
- *Intensity of FY2020 was obtained from the "Environmental, Social and Governance" section in the Group's 2020 annual report;*
- *Air emissions included only the air pollutants in the exhaust gas from the daily operations of the transportation fleet and vehicles for business affairs and from the operations of generators in oil depot in FY2021;*
- *The Group's Scope 1 (Direct Emissions) included only the consumption of fossil fuels in motor vehicles for transportation and from the use of generators in oil depot;*
- *The Group's Scope 2 (Energy Indirect Emissions) included only the emissions from electricity consumption;*
- *The Group's Scope 3 (Other Indirect Emissions) included only the emissions from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments, and employees' business air travels;*
- *Since the wastewater generated from the Group only covered domestic and commercial sewage, the total amount of wastewater discharged from the Group was based on the assumption that 100% of the consumed fresh water entered the municipal drainage system; and*
- *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the IPCC Emission Factor Database, EMEP/EEA Air Pollution Emission Inventory Guidebook 2019 and Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide.*

Air Emissions

The air emissions generated by the Group mainly came from the exhaust gas from transportation fleet and the small amount of gas leakage during the gas refuelling process. In FY2021, the Group mainly used diesel and gasoline as the power sources for automobiles. In response to the national call for energy conservation and emission reduction, the Group implemented its policies and measures to further encourage the use of clean energy as the fuel for vehicles, so as to minimise the air emissions. To purify automobile exhaust, the Group actively adopted such innovative technologies as applying diesel exhaust fluid to reduce NOX in exhaust gas. Meanwhile, the Group strictly managed its logistics fleet and performed periodic maintenance of vehicles to ensure the efficient operations. For example, the Group monitored and controlled the fuel consumption per unit of vehicles, and established a reward and punishment mechanism to encourage drivers to save fuels. The refined oil and natural gas are volatile substances in the logistics and transportation process. In order to eliminate the pollution caused by substances volatilization, a designated vehicle was selected for transporting corresponding product in the process of procurement, which is equipped with sealing valves and gas recovery devices that comply with relevants standards. The Group requires its vehicles to undergo regular inspections in accordance with national standards. For the operation of gas refuelling stations, the Group required its employees to operate in accordance with operating procedures to avoid volatilisation and leakage of gas.

In FY2021, the air emission intensity of the Group's was slightly increased as compared to the figure in FY2020, which was mainly due to the increase in diesel uses during the year under review as compared to that in FY2020.

GHG Emission

In 2020, China proposed the goal of achieving "Carbon Neutrality" by 2060, which is highly in line with the requirements of "Paris Agreement", reflecting the determination of China on promoting thorough global climate governance. In 2021, the government issued "Action Plan for Carbon Dioxide Peaking before 2030", requiring enterprises to play a supporting and leading role in scientific and technological innovation, to improve the system and mechanism of scientific and technological innovation, strengthen innovation capability, and speed up the "green" and low-carbon technological revolution. As an advocate of low-carbon economy, the Group actively promotes the application of green technology internally, and collaborates with external experts to perform accounting, analysis, and strict management of GHGs generated during corporate operations. In FY2021, the Group's GHG emissions mainly came from the purchase of electricity and the use of automobiles. Since its inception, the Group has attached great importance on boosting its power use efficiency and optimizing its transportation fleet management, and have made some progress. To minimise the GHG emissions at the source, thereby reducing the relevant risks in daily operations, the Group formulated and implemented its internal policies, which are introduced in the following subsections headed under "Electricity" and "Other Energy Resources".

In FY2021, the total GHG emissions intensity of the Group ascended as compared to FY2020. Among the three scopes of GHG emissions, the Group's scope 2 emissions intensity decreased 13.9% as compared to FY2020.

Wastewater

The wastewater discharged by the Group in FY2021 was mainly commercial wastewater generated by employees in the offices. The Group fully implemented the concept of "Circular Economy", advocating water conservation and focusing its efforts on the recovery and reuse of wastewater. The wastewater was either discharged to the anti-seepage tank and regularly extracted as fertilizers, or directly discharged into the municipal drainage system. In order to enhance the awareness of water conservation within the organisation, the Group formulated guidelines regulating water and electricity management. The Group required that the wastewater generated meet the relevant national standards.

In FY2021, the Group's wastewater intensity per employee was basically the same as compared FY2020. As the amount of wastewater largely depends on the amount of freshwater used, the Group adopted specific measures to reduce the water consumption during operations, which are further described in the subsection headed under "Water" below.

Solid Waste and Others

The solid waste of the Group was non-hazardous waste, which was mainly commercial solid waste generated by employees at work and waste packaging materials during the operations of convenience stores at gas refuelling stations. To manage waste more effectively, the Group adopted various measures, such as rubbish sorting followed by the collection and disposal by government departments. The Group's transportation business regarded sustainability and intelligence as the direction for development, and actively embraced and promoted green and circular operations. For example, the Group recommended waste reduction at source and encouraged the recycling of packaging and oil drums. Meanwhile, the Group actively responded to the national advocate, the "Clear Plate" campaign, the Group implemented a "Reduce Food Waste" culture in the cafeteria to reduce food waste by employees. In view of the Group's commitment to Sustainable Waste Stewardship, all business segments took effective actions to manage, reduce, reuse and recycle solid waste materials and other types of waste. The Group formulated and implemented "Hazardous Waste Management Procedures" to manage the waste mineral oil generated by tank cleaning operations in the oil depot, and transfer and dispose of the wastes in accordance with the national "Measures for the Administration of Hazardous Waste Transfer Forms".

The Group's logistics business division produces waste components, engine oil and other wastes during the daily maintenance of logistics vehicles. The Group formulates its management requirements, allocates storage sites, arranges special personnel to manage the waste components, and contacts professional recycling units to tackle the waste, so as to achieve waste reuse. Meanwhile, the Group requires its logistics business division to strengthen the daily maintenance of transport vehicles and lower the frequency of vehicle damage which needs replacement of the broken components, thereby reducing the amount of waste.

Targets and Actions

Category	Target(s)	Plans and Action Cases
Air Emissions	Reducing air emissions by 20% in 5 years with FY2020 as the baseline year	In order to achieve the goal, the oil and gas recovery devices will be monitored and updated, and the coal boilers will be under alterations gradually
GHG Emissions	Reducing GHG emissions in Scope 1 and Scope 2 by 25% in 10 years with FY2020 as the baseline year	Its vehicles will be gradually reformed towards clean energy, accompanying with alterations of coal boilers power conservation and other initiatives to achieve synergy effect on pollution and carbon reduction
Solid Waste Management	• Reducing the amount wastewater, wastepaper and solid waste by 30% in 5 years with FY2019 as the baseline year	• All of its business are encouraged to economize the use of all of materials, and waste recycling is advocated to reduced waste disposal
	• There are no events impacting the environment caused by waste management during the reporting year	• The responsibility system and standardization on implementing of the waste management system will be strengthen, to improve the supervision and inspection of daily work

A.2 Use of Resources

In FY2021, the primary resources consumed by the Group were electricity, diesel, gasoline, and water. The Group paid great attention to product containers. For example, Liquefied Natural Gas ("**LNG**") is filled in LNG storage tank; Compressed Natural Gas ("**CNG**") is filled in gas storage cylinder; and Liquified Petrol Gas ("**LPG**") is filled in LPG storage tank. Through strict classification and management, the Group ensured that those containers could prevent the leakage of resources. Meanwhile, in the view of the air pollution induced by the volatilization of several oil and gas products into the atmosphere, the Group adopts the oil and gas recovery system, as well as carries out regular inspection to ensure the recovery and reuse of the oil and gas. During the year under review, the Group did not consume significant amounts of packaging materials, thereby not making a disclosure in the report. Table 2 illustrates the amounts of different resources used by the Group in FY2021.

Table 2 – Total Resource Consumption in FY 2021 and FY2020

Use of Resources	KPI	Unit	Amount in FY2021[1]	Intensity (Unit/ employee) in FY2021[2]	Intensity (Unit/ employee) in FY2020[3]
Energy	Electricity	GJ (000'kWh)	32,471.1 (9,019.7)	(5.1)	(4.7)
	Diesel	GJ(L)	184,955.4 (4,800,090.8)	(2,715.0)	(2,065.8)
	Gasoline	GJ(L)	1,539.9 (44,138.1)	(25.0)	(46.6)
	Total	GJ	218,966.4	123.8	–
Water	Water	m^3	14,565.5	8.2	6.5
Other	Paper	Kg	4,409.2	2.5	2.7

1. *The resource consumption in FY2021 included that from the operations of the Group's offices, 29 gas refuelling stations, 73 petroleum refuelling stations and transportation fleet;*

2. *Intensity of FY2021 was calculated by dividing the resources consumed by the Group in FY2020 by the number of employees as of 31 December 2021 in FY2021, which was 1,768; and*

3. *Intensity of FY2020 was obtained from the "Environmental, Social and Governance" section in the Group's 2020 annual report.*

Electricity

The electricity consumption of the Group mainly came from offices and daily lighting, as well as the daily operations of various business divisions, including electricity consumed for equipment, oil dispensers, gas dispensers and ancillary equipment, etc. The Group's electricity use intensity in FY2021 was 5.1 thousand kWh/employee, which increased slightly as compared to FY2020. All business divisions of the Group complied with relevant laws and regulations and electricity-saving policies. Since electricity consumption and improving energy efficiency is one of the powerful measures for enterprises to deal with climate change, and to further reduce electricity consumption and lower GHG emissions, the Group incorporated the slogan of "saving electricity" into its business development strategy and daily operations. In particular, the following measures were implemented:

- Place "Saving Electricity, turn off the Light when Leaving" posters in prominent places to remind employees of energy conservation;
- Cleanse and maintain the electrical appliances (such as air-conditioners and paper shredders) on a regular basis to keep their high efficiency;
- Practise the principles of green procurement in the procurement of energy-related products to improve energy-saving performance;
- Adjust the set temperature of air conditioners (e.g. no lower than 22°C in summer and no higher than 24°C in winter);
- Educate the staff at offices about energy conservation and environmental protection;
- Switch off certain lifts and escalators during off-peak hours;
- Replace highly energy-consuming lamps or equipment with LED lamps or other energy-saving products;
- Install solar panels where conditions permit, develop, and apply renewable energy; and
- Encourage all employees to open curtains where possible to make the best use of natural light.

Other energy resources

The energy resources consumed by the Group in daily operations and vehicle transportation were mainly diesel and gasoline used for business travel and product transportation. The Group has long been committed to reducing the use of fossil fuels, vigorously developing natural gas as the main energy source for transportation and focusing on improving the operating efficiency of its transportation fleet. The Logistics and Storage Department of the Group is responsible for formulating vehicle fuel consumption standards and regularly reviewing vehicle mileage and the amount fuel consumed, so as to regulate the operation of the fleet and reduce unnecessary energy consumption. The Group regulates and supervises the details of energy saving such as parking and flameout, and establishes an effective system for fuel consumption management, including planning and fixing vehicle routes in advance, to control unnecessary consumption of resources during transportation. Meanwhile, the Group requires all units to update and transform coal boilers to manage and effectively control coal-fired pollution, for the sake of improving the atmospheric environment. The Group encourages employees of all business segments to take public transport or walk instead of driving to work, and to make full use of electronic equipment and technology to conduct online meetings to reduce the frequency of travel.

Water

The Group fully implements the spirit of the national "14th five-year Plan for the Construction of a Water-saving Society", regards the improvement of utilisation efficiency of water resources as one of its long-term development principles. During the year under review, the Group did not face any problems in sourcing water sources. The Group's development principle of "Improving Water Utilisation Efficiency, Seeking Sustainable Use of Water" was implemented in all aspects of operations. For example, the Group manages the water used for car washing of logistics vehicles through internal policies, requiring the use of buckets and brushes instead of washing in running water after vehicle repair, in order to save water. To further improve water utilisation efficiency, the Group also adopted the following measures:

- Fix dripping taps timely and avoid any leakage of the water supply system;
- Put "Saving Water Resource" posters in prominent places to encourage water conservation;
- Strengthen the inspection and maintenance of water taps, water pipelines and other water storage facilities;
- Require employees to strictly follow the policies of water conservation in the Group; and
- Advocate the importance of saving water among employees through internal training and seminars.

Targets and Actions

Aspects	Targets	Plans and Actions Case Studies
Water Resources	Control the water intensity at 7.5 m^3/employee by 5 years with FY2020 as the baseline year	In order to achieve the goal, water-saving education for employees will be carried out, and promote environmental awareness of all employees through water-saving initiatives and other activities
Energy Efficiency	Reduce the use of electricity and fossil fuels by 25% by 10 years with FY2020 as the baseline year	Taking carbon reduction targets as a guide, reform its logistics towards clean energy and new energy vehicles, and actively seek energy-saving opportunities such as boiler alteration and equipment upgrading

A.3 The Environment and Natural Resources

"Green" development has become the mainstream in the development of the world today, representing the general direction of the scientific and technological revolution and industrial reform in the current era. In its operation and development, the Group has actively responded to the foundation of " Achieving New Progress in Ecological Civilization Construction " as one of the main objectives of economic and social development during the "14th Five-year" plan period, and the Group has been committed to adopting a series of effective measures, to identify, assess and reduce its potential impacts on the environment and natural resources. During the year under review, the Group unceasingly assessed and continuously improved the environmental impacts of its operations and endeavoured to improving the efficiency of resources utilization in a well-rounded manner. Specifically, the major impact from the Group's operating process on the environment and natural resources is mainly centred on the consumption of natural resources in the operation of its transport fleets and other business operations.

The logistics business segment of the Group consumes such natural resources as diesel and natural gas and generates vehicle exhaust during vehicle operation. Meanwhile, once the accident occurs during transportation, resulting in oil leakage, which will cause environmental impacts to a certain extent. In the view of the aforementioned impacts, the Group formulated and implemented vehicle fuel consumption control policies to save energy consumption. In addition, the Group arranged safety education and defensive driving courses for drivers to enhance the safety of the transportation process and avoid accidents. The Group has created plans for oil leakage and accident response to enhance its emergency response capacity. The Group will continue to optimize the management of its logistics business segment and make efforts in the selection of suitable transporting routes, the maintenance and upgrading of the fleets, and the extensive use of clean fuels, so as to minimize its impact on the environment to achieve green transportation.

The main environmental impact of the Group's refuelling station operation is concentrated on the partial volatilization of oil and gas products. The Group has adopted the latest environmental requirements of the oil and gas recovery system to effectively control oil and gas volatilization and reduce the environmental impact.

Meanwhile, the Group has put its focus on the education and promotion of low-carbon operations and lifestyles, introducing paperless office and office automation and adopting the following measures to manage the consumption of paper in offices, thereby cultivating the good habits of diligence and thrift among employees:

- Set duplex printing as the default mode of most printers;
- If not necessary, eliminate the single-side printing;
- Collect single-sided paper or waste paper in boxes or document trays for reuse; and
- Encourage employees to use the back of single-sided documents for printing or as draft paper.

In the view of the management level, the Group will further facilitate the environmental impact control of the Group by setting ESG targets and indicators related to management performance incentives and incorporating the management from all levels into the annual performance appraisal.

A.4 Climate Change

Climate change is a mutual challenge for all mankind. China regards addressing climate change as an important starting point for promoting the construction of ecological civilization and achieving high-quality development and proposed that peaking the carbon dioxide emissions by 2030. China strives to achieve the great goal of "Carbon Neutrality" by 2060. The Group has responded positively to the national strategy dealing with climate change and, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, setting up a Risk Management Department to assess the hidden climate-related risks and their financial impacts, strengthening the management of key aspects in risk control and ensuring the implementation of 'Forecast before risk, Management in the risk, Analysis after the risk'. The Group actively conducted reasonable analysis and effective identification of the climate-related entities and transformation on the risks encountered, aiming to create a low-carbon and resilient business operation model.

The Group believes that changes in customer behaviour, uncertain market signals, rising raw material costs and changes in consumer preferences caused by climate-related risks will pose certain impacts on the Group's products/services, supply chain management, operating costs, and capital allocation. Specifically, the rapid development of global clean energy and scientific and technological innovation may prompt enterprises to phase out some machinery and equipment ahead of time, to adopt environmentally friendly alternatives, and increase equipment investment and citation costs. The raise of consumers' awareness of energy conservation and emission reduction may bring certain opportunities to enterprises that have reformed ahead of time and integrated the concept of "green" development into their business development strategy.

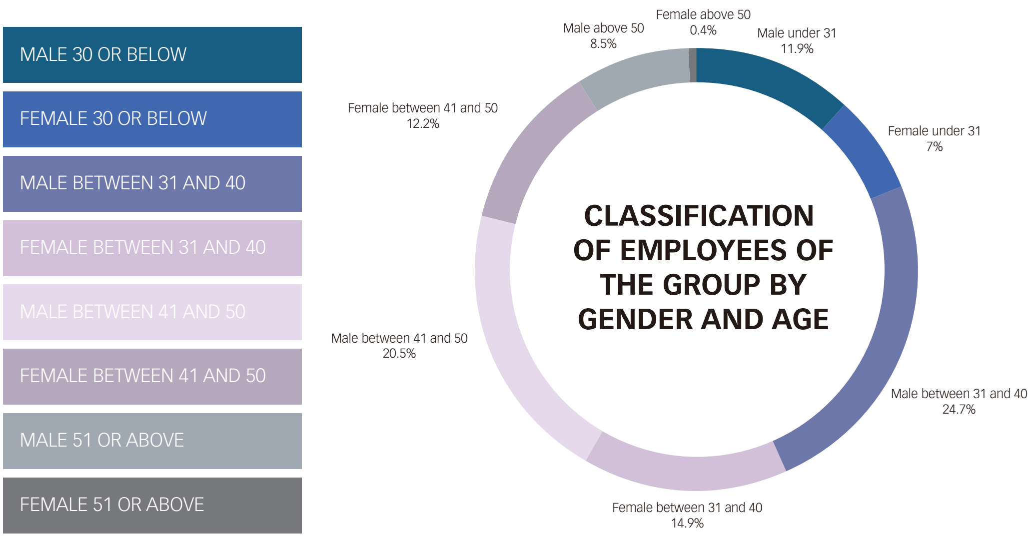
In order to cope with climate risks, the Group has adopted effective management approaches, including the establishment of a significant risk emergency management mechanism, the introduction of severe weather emergency management measures, the improvement of environmental compliance and the allocation of resources for training, and so on. Meanwhile, the Group has set up KPIs related to energy and resources management to quantify and monitor the progress of the Group's transition to a low-carbon environmental development model, which is submitted to the Board for review through annual management reports. The Group plans to build climate-related goals more aggressively in the future and make positive contributions to the achievement of the "30.60" goal through practical actions.

VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

The Group values the talents of its employees and regards them as the key to promoting the success and maintaining the sustainable development of the Group. The Group remains committed to providing employees with a suitable and stable working platform where its staff can realise their own value while improving their professional skills and quality. As of 31 December 2021, the Group had a total of 1,768 employees, including 1,160 males and 608 females, and all are full time employees.



Note: Numbers may not add up due to rounding.

Table 3 – The Total Number of Employees of the Group as at 31st December 2021 in FY2021 by Gender, Age and Position

		Gender		Age Group								Position		
Geographical Location	No. of employees	Male	Female	Male under 31	Female under 31	Male 31-40	Female 31-40	Male 41-50	Female 41-50	Male above 50	Female above 50	General Employees	Middle Management	Senior Management and Directors
Changchun	1,034	723	311	118	58	265	134	241	116	99	3	968	54	12
Jilin	87	50	37	11	9	23	14	13	14	3	0	87	0	0
Yanji	103	85	18	9	4	34	12	31	2	11	0	99	1	3
Siping	15	8	7	1	0	4	2	2	5	1	0	15	0	0
Liaoyuan	37	23	14	8	5	10	5	3	3	2	1	37	0	0
Songyuan	35	21	14	7	3	9	6	5	5	0	0	35	0	0
Baicheng	17	12	5	4	2	6	3	1	0	1	0	17	0	0
Baishan	10	4	6	1	1	0	3	3	2	0	0	10	0	0
Tonghua	24	11	13	4	2	1	7	6	3	0	1	24	0	0
Wuchang	10	7	3	1	0	1	1	4	2	1	0	10	0	0
Shenyang	157	110	47	8	14	40	21	47	12	15	0	144	9	4
Anshan	6	1	5	0	2	1	2	0	1	0	0	6	0	0
Wafangdian	9	0	9	0	2	0	4	0	2	0	1	9	0	0
Dandong	224	105	119	39	21	43	49	6	48	17	1	216	7	1

Legal compliance

The Group's employment policies have been constantly updated and revised since its inception to cater to social changes, and more importantly, to abide by the relevant laws and regulations. In FY2021, the Group complied with the relevant laws and regulations, including the following:

- Labour Law of the People's Republic of China;
- Insurance Law of the People's Republic of China;
- Labour Contract Law of the People's Republic of China;
- Employment Promotion Law of the People's Republic of China;
- Labour Dispute Mediation and Arbitration Law of the People's Republic of China; and
- Provisions on Minimum Wages.

According to the latest laws and regulations, the Human Resource Department of the Group is responsible for regularly reviewing, updating, and monitoring the implementation of relevant policies within the company, such as "Employee Manual", "Employment Management Regulations" and so on, in which definitions of the employee's code of conduct, reward and punishment management, personnel management, training management, salary management and promotion management are clearly stated. The Human Resources Department of the Group relies on the internal human resources information management platform to systematically record and manage the data and information of the Group's employment, so as to ensure the integrity and real-time performance of the Group's human resources information.

Recruitment and promotion

The Group adheres to a people-oriented development strategy, regularly reviews its remuneration packages, and performs evaluations of its employees' capabilities and performance to ensure that all employees' efforts and contributions can be recognised by the Group. The Group has adopted a set of transparent and clear procedures, such as formulating and managing recruitment activities in accordance with the "Employment Management Regulations", aiming to align with the principles of "Openness, Fairness, Competition, Selection of the Best" in the recruitment. The "Employment Management Regulations" clearly stipulates the requirements of employment on position types, age, medical examination, insurance payment and reporting procedures, in order to standardise the recruitment process. In FY2021, the Group held a number of recruitment activities, including the Changchun University Double Election, Changchun University of Technology Career Talk, Jilin University of Finance and Economics Career Talk, etc. The Group upholds the principle of "Building the Employer's Brand and Enhancing the Overall Competitive Advantage of the Group", adopting a strategy of combining internal selection with external recruitment to attract talents. The Group provides fair and competitive remuneration and benefits based on employees' past performance, personal contribution, work experience and career aspirations. The Group also refers to relevant market levels and internal "Employee Manual" and classifies employees into C, D and E level, based on which the Group provides promotion opportunities and platform to the employees with outstanding performance in their positions and potential for professional development. Through self-learning and endeavours, employees can not only pursue career development horizontally, but seek promotion and realise personal value as well.

FY2021

RECRUITMENT ACTIVITIES OF UNITED STRENGTH

Compensation and dismissal

The Group unceasingly reviews its compensation system, regularly evaluates employees' working performance and potential, and adjusts corporate compensation package according to industry standards. The Group adjusts its compensation packages to employees according to its previous year's compensation practice, operating performance, CPI index and industry benchmarks. The employees' salary information is strictly kept confidential in accordance with "Employee Salary Confidentiality Management Measures". Any appointment, promotion, or termination of the employment contract in the Group should be legitimate and strictly implemented in accordance with internal policies. Resigning employees shall give 30 days prior notice, with the completed "Application Form for Resignation" which addressed reasons for resignation. After approval, employees should report to the Human Resource Department in time who reviews and confirms the case before the resignation. The Group strictly prohibits any kinds of unfair or unreasonable dismissals and formulated strict employee management policies that regulate the dismissal procedures. Employees in special positions leaving the Group shall undergo a resignation audit. For employees who have violated the Group's employment policies, the Group verbally warns before issuing a warning letter and terminates the employment contracts of those who have made the same mistakes repeatedly despite being warned in accordance with relevant national laws and regulations.

In FY2021, the employee turnover rate of the Group was 12.2%.

Table 4 – Employee Turnover of the Group by Gender and Age Group in FY2021

		Gender		Age Group							
Geographical Location	No. of employees turnover	Male	Female	Male under 31	Female under 31	Male 31-40	Female 31-40	Male 41-50	Female 41-50	Male above 50	Female above 50
Changchun	113	67	46	27	19	23	17	13	10	4	0
Jilin	10	5	5	2	2	3	2	0	1	0	0
Yanji	24	21	3	7	0	10	2	4	1	0	0
Siping	0	0	0	0	0	0	0	0	0	0	0
Liaoyuan	4	2	2	1	2	0	0	1	0	0	0
Songyuan	5	4	1	1	0	0	0	3	0	1	0
Baicheng	3	2	1	0	0	1	1	1	0	0	0
Baishan	4	2	2	0	1	2	0	0	1	0	0
Tonghua	1	1	0	0	0	0	0	1	0	0	0
Wuchang	2	1	1	0	0	0	0	0	1	1	0
Shenyang	21	8	13	0	6	6	6	1	1	1	0
Anshan	0	0	0	0	0	0	0	0	0	0	0
Wafangdian	1	0	1	0	0	0	1	0	0	0	0
Dandong	27	17	10	7	3	8	4	1	3	1	0

Table 5 – Employee Turnover Rate of the Group by Age Group, Gender and Geographical Location[1]

Unit: Number of employees			**Age group**		
Gender	**Age 30 or below**	**Age between 31 to 40**	**Age between 41 to 50**	**Age 51 or above**	**Total**
Male employee turnover rate (%)	17.9%	18.6%	16.7%	5.9%	11.2%
Female employee turnover rate (%)	14.3%	8.2%	6.3%	0%	14.0%
Total employee turnover rate (%)	16.7%	13.0%	7.4%	5.6%	12.2%

I. *The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2021 by the number of employees in FY2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Working hours and rest periods

The Group has formulated such internal policies as “Regulation on Management of Employee’s Attendance”, “Regulation on Employee’s Leave Management “in its “Employee Manual” based on local employment laws including the “Provisions of the State Council on Employees’ Working Hours” to strictly manage the working hours of employees and set up a reward and punishment mechanism. In addition to basic paid annual leave and statutory holidays, employees are entitled to additional paid leave such as marriage leave, maternity leave and funeral leave. Employees shall complete the “Application Form for Resignation” with reasons and time before applying for the leave. The rest period takes effect only after the superior’s approval.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group has been committed to creating a fair, respectful and diverse working environment by promoting antidiscrimination and equal opportunity in all its human resources and employment decisions. Therefore, the Group keeps regulating its operating practices, preventing any activity that may violate the principle of equal opportunity or anti-discrimination. In all business divisions of the Group, training and promotion opportunities, dismissals and retirement policies are provided based on factors irrespective of the employees’ age, gender, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion, or any other non-job-related elements. The Group encourages its employees to report any incidents involving discrimination to the Human Resource Department of the Group. The Human Resource Department takes responsibility for assessing, dealing with, recording, and taking any necessary disciplinary actions on responsible individuals.

In order to promote equal opportunities across the Group and eliminate all forms of discrimination, the Group focuses on the effective communication between the management and general employees. In FY2021, The Group held a mutual communication forum for employees to further understand the concerns of employees.

Other benefits and welfare

The Group provides well-equipped staff dormitories for its employees. To ensure the physical and mental health of employees and let them maintain a positive attitude towards work, the Group also purchases work-related injury insurance for its employees in accordance with relevant national laws and regulations, and arranges team-building activities to broaden employees' horizons, strengthen their bonds and boost morale. The Group believes that employees are the creators, practitioners, and pioneers of realising corporate value, and improving the sense of belonging of employees can help employees explore their self-worth and bring positive changes to a company more effectively. As such, the Group carried out various forms of cultural and sports activities for employees in FY2021, including badminton contests, shuttlecock matches, skill competitions and recuperation vacation.

In FY2021, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, welfare and other benefits that have a significant impact on the Group.

B.2 Health and Safety

Safeguarding employees' health and safety is one of the Group's core operation principles, the Group has laid great emphasis on the understanding and implementation of safe operations and safety management across the Group. In FY2021, the Group implemented strict safety and health policies such as "Safety Management Regulations", "Implementation Plans for Optimizing Safety Management in the Marketing Section", "Safety Management Red Lines", "Occupational Health Management System", "Occupational Disease Hazard Warning and Notification System", "Occupational Disease Hazard Project Reporting System", "Occupational Health Publicity and Education Training System", "Occupational Disease Prevention Facilities Maintenance and Repair System", "Occupational Disease Hazard Monitoring and Evaluation Management system", "Construction Project of Occupational Health Management system", "Occupational Health Monitoring and Archives Management System", "Occupational Disease Prevention Equipment Management System", "Occupational Disease Hazard Emergency Rescue and Management system", etc. In addition, the Group strictly complied with relevant laws and regulations in the PRC, including the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Regulation on Work-Related Injury Insurance, Emergency Response Law of the People's Republic of China, Regulation on Labour Protection in the Jilin Province, and Regulation on Safety Management in the Jilin Province. In the view of leadership level of the Group, the Group has established a Central Safety Committee, comprising of presidents, vice presidents and business managers of all business units, which is mainly responsible for supervising the implementation of Group's safety policies at all levels and in all business sectors. The Safety and Environmental Department of the Group is responsible for regularly inspecting, reviewing, and supervising the implementation of the Group's policies related to occupational health and safety, tracking non-conformities, and urging them to rectify them quickly. The relevant team of the Group's occupational safety management is responsible for assisting the employees of the Group in learning and implementing national laws, regulations, rules and standards on the prevention and control of occupational hazards, and supervising the implementation of the responsibility system for the prevention and control of occupational hazards at all levels, ensure the health and safety of employees during working.

To implement the requirements of relevant laws, regulations, policies, and standards related to the prevention and control of occupational disease and strengthen the management, the Group systematically regulated its safe working procedures. To clearly convey the message of occupational disease prevention and occupational health and safety responsibilities to personnel at all levels of gas and petroleum refuelling stations, the Group sticks to the principle of "Responsibility at All Levels, Each Performs Its Duty", striving to achieve sustainable development of production. In its reward and punishment management system, the Group has made clear regulations on issues related to safety and health, and strictly disciplines individuals with any violation of safety and fire management, sanitation management or safe operating procedures. The Group upholds such health and safety policies as "Full Safety", "Environmental Improvement", "Precaution First", "Sustainable Development", "People-Oriented" and "Protection of Health". The Group reviewed all kinds of occupational safety and health training carried out during the year, requiring business units at all levels to include the training content of occupational disease related knowledge in their annual plans. The Group tests the occupational hazard factors in the workplace annually and arranges employees for occupational health examination. Any occupational hazard accident shall be reported to the local Work Safety Administrative Department in a timely manner, and the Group takes effective measures to reduce or eliminate hazardous factors to prevent the accident from escalation in scale. The Group strictly prohibits any practices of late reporting, underreporting, false reporting or concealing occupational hazard accidents.

Safety Management Red Lines of the Group

01 *Gas Stations prohibit*

- Smoking at the station
- Illegal fire use
- Illegal use of electricity
- Work after drinking
- Enter the explosion-proof area without anti-static tooling
- Unload the air without clamping the electrostatic clamp, etc

02 *Petroleum Stations prohibit*

- Fill the plastic drum directly
- Use of non-explosion-proof equipment in explosion-proof areas without approval
- Hit the iron directly in the explosion-proof zone
- Repair the car in the explosion-proof zone and pump oil from the fuel tank, etc

03 *Oil and gas hybrid stations prohibit*

- Unload oil (gas) without clamping electrostatic clamp
- Change the plate without removing the trachea
- Use of non-explosion-proof equipment in explosion-proof areas without approval
- Guardians of high-risk operations are not on duty on site, etc

04 *Oil depots prohibit*

- Bring cigarettes, lighters or phones into the depot area
- Do not wear anti-static tooling (shoes) to enter the explosion-proof area
- Oil loading and unloading and tank dumping operations are not supervised on site
- Unauthorised entry into restricted space for operations, etc

05 *Transportation fleets prohibit*

- Make phone calls or play games on the phone while driving
- Illegal hot work (vehicle maintenance)
- Change the transportation route without permission
- After loading and unloading, do not confirm the safety before driving.etc

The Group has formulated and implemented relevant emergency response measures for emergencies. The accident emergency response team is responsible for the emergency handling of accidents. The team leader is responsible for a comprehensive grasp of the emergency handling of the accident, and in accordance with the emergency rescue procedures, that is, accident reporting → emergency scene rescue, on-the-spot self-rescue and mutual rescue → scene closing → external liaison → joint rescue → accident analysis and responsibility declaring, to properly handle any emergency. The Group's transportation business strictly implements its "Emergency Plan for Production Safety Accidents" and makes clear requirements and regulations on the responsibilities of emergency parties, emergency measures and support, post-treatment, etc. Meanwhile, the transportation business created the "Hidden Danger Investigation and Governance Statistical Analysis Management System" to facilitate the progress in hidden danger of accident investigation and management, aiming to completely eliminate the hidden danger of accidents, effectively prevent and reduce the probability of all kinds of accidents, and further protect the health and safety of its employees.

Since 2012, the Group has appointed an external industrial safety consulting company to provide regular safety management advisory services. Monitoring systems have been installed in petroleum and gas refuelling stations to ensure facility safety in real time. Designated employees need to check the facilities on a regular basis to prevent accidents such as fires and explosions.

Table 6 – Number and Rate of Work-related Fatalities Occurred in Each of the Past Three Years Including the Reporting Year[1]

Year	FY2021	FY2020	FY2019
Number of work-related fatalities	1	0	0
Rate of work-related fatalities (in every hundred employees)	0.06	0	0

– *The work-related fatality data in headcount was obtained from the Group's Human Resources Department. The methodology adopted for reporting on work-related fatality data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

In FY2021, a total of 20 lost days due to work injuries were recorded in the Group. The Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Fight against the pandemic

The Group has thoroughly implemented the arrangements of the CPC Central Committee and the State Council on regional classification and precise prevention and,management of COVID-19 epidemic prevention and control, strengthened the main responsibility of enterprises for epidemic prevention and control, and resolutely grasped epidemic prevention and control as well as operation and management to achieve "grab with both hands", "stay hard with both hands", "win with both hands", and to fully protect the health and safety of employees and customers. The Group strictly implemented the "Implementation Plan for the Prevention and Control of COVID-19 Epidemic Situation" to clarify the division of responsibilities and measures for epidemic prevention and control and dealing with emergencies in the post-epidemic era. In terms of responsibilities, the Group implements the division of responsibilities for managers under the leadership of the president and the territorial responsibility system of straight-line leadership. Specific requirements have been made for personnel control, personal protection, place control, health control, health education, meals and accommodation, attendance management, security management, emergency measures, file management and so on. Meanwhile, the Group integrated with the development status of the post-epidemic era, the Group adjusted its marketing strategy and plan in a timely manner, made full use of Internet big data and innovative technology, and carried out rich and diverse promotional activities to build the Group's resilience and help business sales reach a new level. For example, the Group has upgraded the payment model and developed license plate non-inductive payment technology, so that customers do not have to get out of the car to refuel, avoid personnel contact in the refuelling process, and cut off the transmission of potential viruses.

B.3 Development and Training

To cultivate outstanding talents, the Group always focuses on improving its employees' capabilities and career development, strictly implements the training management procedures to design and provide appropriate training courses for employees based on their needs. Specifically, the Human Resources Department of the Group is responsible for implementing and establishing the company's training policies, directions, and plans, organizing and implementing training on a monthly basis, developing and designing training courses and teaching materials, as well as guiding various units to carry out training work. During the year under review, the Group organized a number of online and offline training through its training and development centre and online training platform located in Changchun, Jilin Province, in accordance with its internal policy. It includes training courses such as integrated emergency plan for production safety accidents, barriers removal of customer service, occupational health knowledge, emergency preparedness before snow disaster freezing, etc.

The Group carries out strict and standardized management in accordance with the five steps, ranging from training needs analysis, training plan formulation, training plan implementation, training effectiveness evaluation, to assessment of result applications.The Group requires new employees to undergo occupational health training, including basic knowledge and hazard characteristics of petroleum products, risks in the position and countermeasures, and safety precautions for operations in oil refuelling stations, and assessments before taking up their jobs. In the case of transfers in positions, the Group arranges position-specific occupational health training assessments for employees to determine the qualification of candidates. Personnel from external construction units must refer to the regulations of occupational safety and health training of the Group, and should attend training and pass assessments before taking up the post. In-service employees should receive occupational health training twice a year. Given the business nature, the Group's training primarily focuses on safety courses. All training related to occupational health is recorded and archived in accordance with the training file management policy.

Table 7 – Number and Percentage of Employees Trained in the Group by Gender and Position in FY2021[1]

Unit: Number of employees Gender	General Staff	Middle Management	Senior Management and Director	Total
Male	1,083	42	16	1,141
% of employees trained	61.9%	2.4%	0.9%	65.2%
Female	576	29	4	609
% of employees trained	32.9%	1.7%	0.2%	34.8%
Total	1,659	71	20	1,750
% of employees trained	94.8%	4.1%	1.1%	99.0%

1. *The training data was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Table 8 – Training Hours Received by Employees of the Group by Gender and Position in FY2021[1]

Unit: Hours	Position			
Gender	General Staff	Middle Management	Senior Management and Director	Total
Male	25,992.0	1,512.0	576.0	28,080.0
Average training hours	23.6	36.0	36.0	24.2
Female	13,824.0	1,044.0	144.0	15,012.0
Average training hours	24.0	36.0	36.0	24.7
Total	39,816.0	2,556.0	720.0	43,092.0
Average training hours	23.7	36.0	36.0	24.4

1. *The training data was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

B.4 Labour Standards

In FY2021, the Group abided by the Labour Law of the People's Republic of China and other related labour laws and regulations in the PRC to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resource Department requires all job applicants to provide valid identity documents and fill in the "Employee Registration Form" in detail to ensure that they are lawfully employable prior to confirmation of any employment according to the "Employee Recruitment Management Regulations". The Human Resource Department carries out background check item-by-item according to the "Employee Check List", requiring that the procedures must be fully completed before employment, otherwise relevant procedures of employment cannot be proceeded. The human resources department of the Group is responsible for monitoring and ensuring the compliance of the Group's policies and practices with the relevant laws and regulations that prohibit child labour and forced labour. Once any incident that fails to comply with the labour standards is found, the Group will terminate the employment contract immediately.

In FY2021, the Group was not in violation of relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

Operating Practices

B.5. Supply Chain Management

The Group understands that a healthy and stable supply chain is the foundation for achieving sound sustainable development. Throughout these years, the Group has been continuously improving its ESG management system and paid attention to the management and control of potential environmental and social risks in the supply chain while fulfilling its environmental and social responsibilities. The supply chain management team of the Group unceasingly evaluates the supplier's operational compliance, industry qualification and performance, and the quality of the products and services provided, and integrated the concepts of ESG to train and communicate with suppliers in the areas of environmental protection and social responsibility, in order to effectively reduce the ESG risks in the supply chain of the Group.

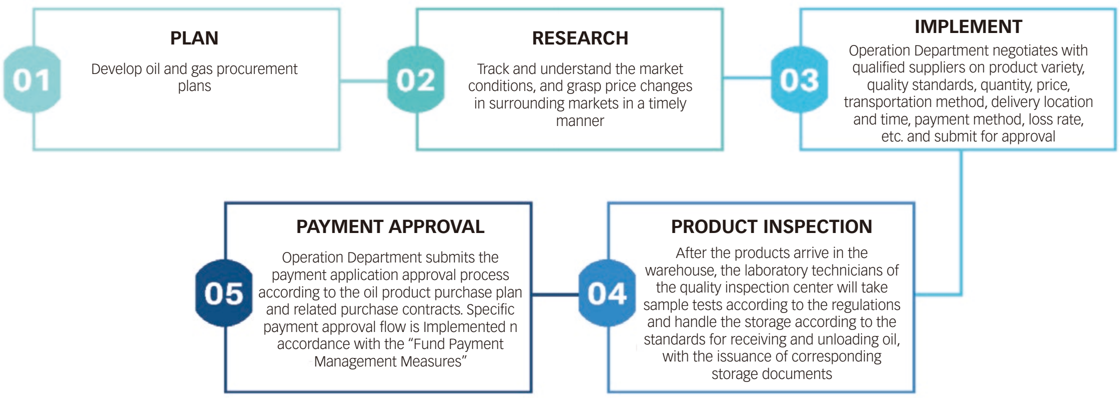
The main businesses of the Group are the sale of natural gas in gas refuelling stations, sale of petroleum in petroleum refuelling stations and the transportation services of petroleum and natural gas. The main suppliers of the Group include state-owned and private enterprises. Suppliers provide the Group with gasoline, diesel, natural gas, chemical products in various means of transport including through rail and road transportation. The supply process is strictly implemented in accordance with the "Procurement Management System", including identifying purchase intentions, signing contracts, paying on time, shipping, and picking up goods, and quality inspection and inbound.

Gas and petroleum refuelling station business

The selection of suppliers in the business segment of the Group prioritises the following factors: 1. A legitimate enterprise engaging in production/operation approved by the relevant state departments; 2. A sound quality control system; 3. Strong technical capabilities; 4. Good management standards; 5. Credibility, etc. The selected suppliers must submit a gas and oil quality inspection report issued by the third-party to the Group. In order to eliminate the social and environmental risks of suppliers, the Group conducted a comprehensive risk identification and assessment of suppliers through on-site visits and market research in the process of supplier qualification audit. The existing suppliers of the Group are all large enterprises with a good reputation in the local area.

The Group strictly follows its internal procurement policies, and its Operation Department is responsible for the formulation of product procurement plans and the supervision and management of the procurement process in accordance with the requirements of "Gas Procurement Management System" and "Oil Product Procurement Management System". In accordance with the "Regulations on Gas Inbound and Outbound Management", the gas and petroleum refuelling stations of the Group's subsidiaries are responsible for the procurement, acceptance, and delivery of products. The Finance Department is responsible for the payment of gas and oil orders. The Group usually enters into annual gas supply framework agreements with its suppliers. The agreement sets out pricing, purchasing methods, delivery, and payment arrangements. The Group inspects multiple suppliers simultaneously to prepare for any emergency of supplier shortages or rising prices. The Operation Department of the Group monitors the gas and oil inspection reports provided by the suppliers. If any product is found to be below standard or any supplier is found to be in breach of agreements, the Group must communicate with the suppliers in a timely manner to assist in rectification. The collaboration can only be continued after the rectification is completed, otherwise the Group chooses the backup supplier. In FY2021, the Group did not spot any violation of regulations of the behaviours of or the supply of low-quality products from suppliers.

General Procedure for Product Procurement



The Group has formulated a "Qualified Supplier List" to manage its supply chain. The supply contracts signed by the Group with its suppliers generally last for one year, and internal assessment is conducted on the list of qualified suppliers, which is then updated once a year accordingly.

Transportation business

Petroleum and natural gas transportation services mainly involve the transportation services of natural gas, LNG, gasoline, and diesel. After the Group's transportation business segment purchases oil products from major oil depots and refineries, the logistics fleets transports the oil products to refuelling stations, to store and sell to customers. In the process of supplier selection and product procurement, the Procurement Department of the transportation business of the Group, in accordance with internal policies such as the "Equipment Management Regulations" and "Material Procurement Management System", "Measures for the Management of Tendering and Bidding for Bulk Purchasing Projects", to assesses suppliers' business license, tax registration certificate, quality management system, company reputation, after-sales service and national compulsory product certification, such as "Refined Oil Retail Business License", "Pressure Vessel Production License", through tendering and purchases products from qualified suppliers based on national standards. The transportation business of the Group maintains good relationship with its suppliers, whose operations are required to be in compliance with laws and regulations of the countries and regions in which they operate, and adhere to their business ethics. To maintain a good collaborative partnership with suppliers, the Group regularly visits and reviews its partners to control the risks in various aspects. In order to further control the risks during transportation, the Group has established Safety Department, which is responsible for guiding employees in safe operation and reducing the probability of accidents. Meanwhile, the Group created a systematic emergency response mechanism to identify and solve problems promptly. The Group has a special product quality inspection centre to perform quality inspection and acceptance on the goods from suppliers in strict accordance with national standards and inbound.

SUPPLIER RISK ASSESSMENT

- **LICENSE FOR OPERATIONS**
- **COMPLIANCE WITH SAFETY REQUIREMENTS**
- **CONFORMANCE TO AGREEMENTS FOR COLLABORATION**
- **POTENTIAL SAFETY RISKS IN TRANSPORTATION ROUTE**

To manage the environmental risks in the supply chain, the Group considers compliance as an important environmental risk, therefore the Group firmly opposes the collaboration with suppliers who do not comply with relevant environmental regulations and standards. Meanwhile, the policy concept of "green" procurement is integrated to reduce the impact of supply chain management process on the environment. For example, the aluminium alloy trailers purchased by the Group adopt the method of loading oil from the lower part to reduce environmental impact of the automobile transportation process. The Group has been dedicated to building a network of local suppliers, and the suppliers in its transportation business segment are all local partners, which effectively reduces the environmental pollution caused by vehicle exhaust during the product transportation. This is also one of the elements reflecting the Group's advocacy of "green" procurement and products. The practice of the "green" procurement principle of the Group is under the separate supervision of each department responsible for procurement in each business segment.

The Group's general supply chain management policy and "green" procurement policy apply to all its suppliers, covering approximately 90% of the purchased products. In the FY2021, the Group maintained cooperative relations with 475 suppliers, all located in mainland China. Among them, there are 424 suppliers located in the province of the operating entity of the Group and 51 in other regions.

B.6 Product Responsibility

The Group strictly complied with the laws and regulations relating to the health and safety of the Group's products and services, advertising, labelling and privacy matters of the PRC in FY2021, including:

- Product Quality Law of the People's Republic of China;
- Production Safety Law of the People's Republic of China;
- Fire Protection Law of the People's Republic of China;
- Metrology Law of the People's Republic of China;
- Road Traffic Safety Law of the People's Republic of China;
- Regulation of the People's Republic of China on Road Transport;
- Hazardous Chemical Management Regulations;
- Regulation of Gas Cylinder Filling; and
- Regulation of Automobile Transportation of Dangerous Goods, etc.

The Group adheres to the principles and targets to advance, that are, "following the market, putting customers first, building brands plus chains, excellent management and becoming the leading integrated energy supply chain management enterprise in the country", strictly managing and improving the product transportation efficiency, product quality and service quality of gas and petroleum refuelling stations. All business sectors of the Group are in accordance with such policy requirements as "Oil Products Quality Management Measures", "Customer Complaint Handling Management Measures", etc, to establish systematic management network, and actively implement its product and service responsibility.

Gas and petroleum refuelling station business

The business of gas refuelling stations and petroleum refuelling stations of the Group follows the concept of customer-oriented services and strives to strictly control the quality of the products at the terminal refuelling station by adhering to the service tenet of "Making Customers Happy and Satisfied". The Group aims to provide customers with excellent quality and standard measurement to achieve a goal of 90% of customer satisfaction rate.

The Group's Operation Department and Quality Management Department conducted a series of tests to ensure the safety and reliability of operations. In addition to "Pressure Vessel Use License", "Cylinder Filling Certificate", "Gas Business License" and other important certificates for safe operations, the Group has passed ISO9001 Quality Management System to ensure the safety and stability of each unit's operation with standard and efficient management and operation process. Meanwhile, the Group has formulated policies such as "Oil Quality Management Measures" to implement product quality control from the aspects of mining, storage, transportation, and sale. In order to ensure the quality of oil and gas products, the Group strictly implemented the "Regulations on the Management of Submission for Inspection". The Quality Management Department of the Group is responsible for the examination and approval of the regulations and the supervision of the process of petroleum refuelling station inspection. The quality inspection centre and the laboratory of each subsidiary are responsible for the inspection of oil products submitted for inspection in their respective regions, the summary of oil inspection results and the management of oil products after inspection. The Retail Management Department, the Product Scheduling Centre and the station management centre of each subsidiary are responsible for the planning and arrangement of product delivery and inspection. Once any product quality accident occurs, the Group will deal with the accident in accordance with the "Oil Quality Management Measures" and a series of complementary measures, and if necessary, product recovery is carried out in an orderly manner in accordance with policy requirements. For example, if the oil depot is found to fail in the loading and unloading, storage and outbound inspection, the quality inspection centre will immediately report the oil depot dispatch and determine the measures opinions after consideration by the manager of the oil dispatching centre. If it is found that the tank fails in storage or outbound of the warehouse, the oil product of the tank will stop the outbound from warehouse and will be handed over to the oil dispatching centre for investigation and analysis of the unqualified reasons to be held responsible by the competent department.

In accordance with the "Principles for the Implementation of Customer-oriented Service Culture", the Group strictly implemented the "Measures for the Management of Customer's Complaints" in the FY2021 to further ensure the efficient handling of customer complaints and solidify the process of solving problems, thereby to standardize the handling standards of customer complaints. The Group established teams for customer's complaint investigation and system improvement, and the customer service team of retail management department to handle customer's complaints. The Group actively performs case analysis in response to customer's complaints received, identifies obstacles in the service, optimises and improves the system and shares the experience internally to avoid the recurrence of similar incidents. During the year under review, the feedback received by the Group mainly focused on the licensing of terminal services. The Group carries out system optimization in a timely manner through the identification of service obstacles, including voice broadcast of payment during peak hours, and sharing of processing results and improvement directions for all members to avoid the occurrence of similar incidents.

The gas refuelling business of the Group has abided by the Patent Law of the People's Republic of China, Intellectual Property Law of the People's Republic of China and Tort Law of the People's Republic of China, and based its protection of the intellectual property of the Group on the "Patent Technology Confidentiality Management Regulations". The important patents applied and owned by the Group include the "Preparation Equipment and Process and Thereof of a Type of Low Propane and High Olefin Liquefied Petroleum Gas", "Preparation Equipment of a Type of Low Propane and High Olefin Liquefied Petroleum Gas", "Gas Station Card and Machine Management System V1.01", and "Yafei Distribution ERP Management System V1.6". If relevant intellectual property rights are infringed, the Group will protect intellectual property through the legal path.

The Group also complies with the Law of the People's Republic of China on the Protection of Customer Rights and Interests and other relevant laws and regulations concerning customer privacy to ensure that its customer's privacy is strictly protected. Through the formulation and strict implementation of the "Customer Information Confidentiality System", to ensure that the rights of customers are strictly protected. Specifically, the Group's "Customer Information Confidentiality System" has strict regulations on the type, authority, and use of information, as well as penalties for information disclosure. The personal data of all customers collected in the course of business are regarded as confidential and the Group strictly forbids the provision of customer data to third-parties without customer authorization. The Group appoints an external company to manage the database. Meanwhile, the Group requires that personnel must be approved by the General Manager before they can access the relevant information of the customer.

The Group complies with the regulations of the "Advertising Law of the People's Republic of China" and strictly regulates the way promoting its products. In accordance with the internal policy procedures, the Group has signed formal contracts with third-parties to carry out reasonable and legitimate advertising. The promotional activities of the Group are managed by standard application forms. The procedures governs involved department, purpose, and event policy so as to ensure that the promotional activities comply with the Group policy and local laws and regulations.


CERTIFICATE

质量管理体系认证证书

证书编号：00219Q20458R1M

兹证明

长春伊通河石油经销有限公司

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住所：吉林省长春市二道区东荣大路东荣大桥东头
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管理体系符合

GB/T 19001-2016/ISO 9001:2015

《质量管理体系 要求》

覆盖的产品及其过程

成品油（汽油、柴油）的仓储、批发（不含加油站零售）

生效日期：2019年01月21日 有效期至：2022年02月04日

注册号：CQM-22-2012-0033-0001

（本证书信息可在国家认证认可监督管理委员会官方网站www.cnca.gov.cn及方圆标志认证集团官方网站上查询，也可通过验证《确认证书》确认本证书的有效性）

二零一九年一月二十一日

GB/T 19001

中国认可
国际互认
管理体系
MANAGEMENT SYSTEM
CNAS C002-M

方圆标志认证集团

地址：北京市海淀区增光路33号（100048）

http://www.cqm.com.cn

经营促销政策申请单

单　　位	长春伊通河石油经销有限公司	填报人	张小平
活动时间	2021-10-16 —		
活动形式	☐ 线下活动　☑ 公众号活动		
涉及部门	☐ 人力资源部　☐ 非油运营部　☐ 财务部　☑ 均不涉及		
活动目的	应市场环境影响以及公司经营需要，现申请将部分促销活动政策进行回调。		
活动政策	一、天天会员日： 将前进大街站天天会员日原9.2折优惠政策调整为9.4折优惠政策。 二、渠道认证活动： 1、教职工专属渠道、白衣天使专属渠道、小白机器人及合心客车厂渠道以上渠道政策均为9.2折立减优惠政策，现调整为9.4折立减优惠政策。 2、松炼教职工渠道由原来9折立减优惠调整为9.4折立减优惠； 3、蛟河政府机关由原来的9折立减优惠调整为9.2折立减优惠。 三、车牌付充值活动：将原充值880元赠送4张9折优惠券调整为赠送4张9.2折优惠券。同时取消岭东站首次开通车牌付客户免费赠送的1张9折优惠券活动。 四、会员等级政策：将公众号VIP卡及线下VIP卡汽油政策由原0.05元/升优惠调整为零，正常享受积分兑换政策，其它卡型优惠政策保持不变； 五、三方平台：将团油柴油优惠由原来的9.7折调整为0.1元/升（由于此政策调整需进行油品程序更新，故政策调整时间暂未确定，待程序更新后立即执行）。 以上内容于10月16日凌晨开始执行。		
宣传方式	无		
活动参与单位	众诚连锁加油站		
活动费用	无		
活动预期评估	无		

Transportation business

The Group's transportation business also adheres to the service concept of "Customer Orientation" and fully considers and incorporates safety and service requirements in various service processes and standards. To increase operation and management efficiency of the transportation business, in particular to ensure product quality and safety in the course of operations, the Group has set up internal policies such as the "General Code of Conduct on Safety", "Hot Work Safety Management Procedures" and "Work at Heights Safety Management Procedures", and implemented the following practices in the transportation business:

1. Carry out strict safety inspection on the areas where leakage may occur, such as vehicle valves, pipelines and flanges, before, during and after vehicle collection every day;

2. Perform road risk assessment and GPS and video real-time monitoring on the route, to ensure the transparency and safety of the transportation process and manage the driving route of vehicles and determine their specific locations;

3. Use electronic lead seals to improve oil safety and accuracy of oil volume;

4. Require employees to carefully check the serial number and quality of oil products;

5. Strengthen onsite safety protection during oil unloading;

6. Communicate with customers in time to avoid extreme weather events;

7. Adjust the transportation plan at any time according to changes in customer needs;

8. No overloading, no speeding, no fatigue driving; and

9. Establish a monitoring centre and make use of electronic escort technology that is supervised by a dedicated person.

To ensure the safety of employees and products during transportation, the Group arranges three-level safety training for drivers of the transportation fleets regularly and enhance the quality of drivers through lectures plus written tests. In terms of employee service attitude, the Group requires its employees to understand the situation of the incident through camera reviewing, telephone and on-site communication as soon as they receive the suggestion, so as to give customer the feedback as soon as possible.

Product and service innovation

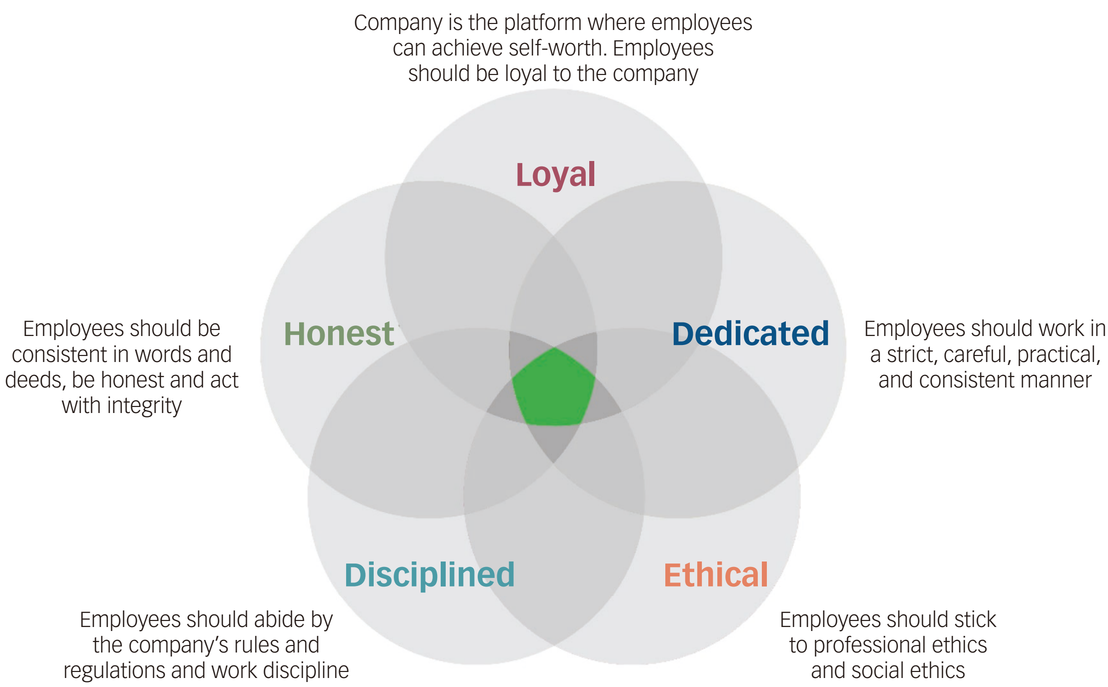
In FY2021, the Group continued its efforts in making technological and service innovations, striving to achieve a more diversified product portfolio to improve customer satisfaction. During the current financial year, according to the business environment, the Group adjusted the service standards and requirements, providing free personal disinfection, vehicle disinfection, temperature measurement and other services for customers during the anti-epidemic period, and require all employees to wear masks, goggles, and other epidemic prevention equipment to ensure the safety of customers and employees. During the year under review, the Group invested more than RMB500,000 to develop and launch the non-inductive payment function of the dispensers, and the pilot project has been successfully carried out at the Lingdong petroleum refuelling stations which is planned to be fully promoted and implemented in 2022.

Since labelling is not applicable to the Group, the relevant information is not disclosed in this report. In the FY2021, the Group did not recall any products/services sold. A total of 3 complaints and suggestions were received, all of which were properly handled and concluded. In FY2021, the Group was not in violation of any of the relevant laws and regulations in relation to the quality, health and safety, advertisement, label and privacy of its products that have a significant impact on the Group.

B.7 Anti-corruption

In order to facilitate the Group to practice the corporate values of the highest work ethics, and to prevent the operation and management risks brought to the Group by illegal activities, the Group has strictly abided by the local laws and regulations relating to anti-corruption and bribery, including the Anti-Corruption Law of the People's Republic of China and the Law of the People's Republic of China on Anti-money Laundering., etc. In addition, the Group has set up the Work Ethics Compliance Internal Audit Department in FY2021 to investigate and verify the violations of laws and disciplines that may occur within the group, to implement timely and effective guidance and supervision on the establishment and operation of the internal control mechanism.

To ensure that all employees of the Group effectively implement the Group's anti-corruption requirements and policies, the Group has formulated " Employee Manual ", "Employee Code of Conduct" and other relevant guidelines to regulate employee behaviour and terminate any fraud. The Group prohibits all forms of bribery and corruption, and conducts inspection internal audit, special internal audit, financial audit, and other methods for supervision. The Group requires all employees to strictly abide by the code of professional ethics to:



The Group implements "Reporting Hotline Management System", "Conflict of Interest Management System", "Gift Giving and Receiving Management System", etc. The process of investigation and verification of the report of the Group specifically includes the following steps:

➢ The report is received, and record its establishment;

➢ The report is submitted to the Board for approval and archive;

➢ Independent investigation and verification are carried out in a confidential manner;

➢ Keeping the whistle-blower and the reporting information strictly confidential;

➢ Based on the verified information and evidence to proceed discussion;

➢ Reporting the conclusion of the investigation to the Board;

➢ The Human Resources Department handles the case in accordance with the rules and regulations of the Group;

➢ Announced the case within the Group.

The Group has established an effective grievance mechanism to protect whistle-blowers from unfair dismissal or victimisation. Where any crime is substantiated by the Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In the FY2021, the Group organized numerous anti-corruption related training courses and activities. In February 2021, the president of the Board declared the "Employee Code" staff code, a total of about 70 senior managers participated in the training, achieving the goal of clarifying the red line of behaviour. In June 2021, the president of the Group announced the policy requirements such as the management system of gift giving and receiving, and 180 middle and above managers participated in the training, which further clarified the ways and methods of management. In August 2021, the Group's capacity-building training centre carried out work ethics training. A total of about 780 general staff participated online and conducted online tests, with a passing rate of 89%. In December 2021, the Group carried out about one hour of "United Strengthen Professional Ethics Construction Project" training, with a total of 200 participants.

Table 10 – The Group's Anti-Corruption Training Information in FY2021

Number of anti-corruption talk/training (Unit: Sessions)	Total hours of the related talks and trainings (Unit: Hours)	Participant number of the management (Unit: Employee)	Participant number of the general staff (Unit: Employee)
30	3,445	91	1,677

In FY2021, no lawsuits regarding corrupt practices were brought against the Group or any of its employees. The Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud, and money laundering that have a significant impact on the Group.

Community

B.8. Community Investment

Since its inception, the Group has always kept in mind the mission of giving back to society and fulfilling corporate social responsibility, and is committed to creating a responsible corporate culture and a team with excellent workforce focusing on people's livelihood, community education, cultural construction, promoting harmonious coexistence of the whole society, to create a sustainable community environment.

In the FY2021, the Group continued to shoulder a good corporate civic responsibility by initiating and supporting various community projects to encourage employees to participate in actively. The Group actively guided its employees to participate in public welfare activities in person, sending a group of leaders with 8 people to visit the elderly in the elderly home in Xinglongshan during the holidays, and bringing them gifts such as 20 boxes of fruit and 120 cans of canned food. The Group is concerned about the lives of the people in the community. During the holidays, 4 employees of the Group visited the residents of Jichai Community in Erdao District of Changchun, and brought them 50 bags of rice, 50 bags of noodles and other daily necessities.

Under the background of promoting mutual prosperity, corporate social responsibility has been given a new connotation and a new mission. The Group will carry forward the entrepreneurial spirit of the new era, pay attention to the needs of a wide range of stakeholders and establish a long-term value orientation, persevere in fulfilling its social responsibilities, and make efforts to actively promote harmonious symbiosis and prosperity of the community.

VIII. HKEX ESG REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	Chapter	Page
1. Environment				
A1: Emissions	General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.*	Environmental Sustainability	38
	KPI A1.1	The types of emissions and respective emission data.	Environmental Sustainability - Emissions	39
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability - Emissions	40
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability - Emissions	39
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability - Emissions	40
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions - Targets and Actions	43
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions - Solid Waste and Others	42

Aspects		ESG Indicators	Description	Chapter	Page
A2:	Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc*	Environmental Sustainability - Use of Resources	43
		KPI A2.1	Direct and/or indirect energy consumption by type (e.g.electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability - Use of Resources	44
		KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability - Use of Resources	44
		KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources - Targets and Actions	46
		KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources - Water	46
		KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Sustainability - Use of Resources	43
A3:	The Environmental and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Sustainability - The Environment and Natural Resources	47
		KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Sustainability - The Environment and Natural Resources	47
A4:	Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Sustainability - Climate Change	48
		KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Sustainability - Climate Change	48

Aspects		ESG Indicators	Description	Chapter	Page
B.	**Social**				
Employment and Labour Practices					
B1:	Employment	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social Sustainability - Employment	50
		KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Social Sustainability - Employment	50
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment - Compensation and Dismissal	53
B2:	Health and Safety	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social Sustainability - Health and Safety	56
		KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Sustainability - Health and Safety	58
		KPI B2.2	Lost days due to work injury.	Social Sustainability - Health and Safety	59
		KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social Sustainability - Health and Safety	57
B3:	Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	Social Sustainability - Development and Training	60

Aspects	ESG Indicators	Description	Chapter	Page
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Sustainability - Development and Training	62
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Sustainability - Development and Training	62
B4: Labour Standards	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social Sustainability - Labour Standards	63
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Sustainability - Labour Standards	63
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Sustainability - Labour Standards	63
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Sustainability - Supply Chain Management	64
	KPI B5.1	Number of suppliers by geographical region.	Social Sustainability - Supply Chain Management	66
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management - Gas and petroleum refuelling station business	64
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management - Transportation business	64
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Sustainability - Supply Chain Management	66

Aspects		ESG Indicators	Description	Chapter	Page
B6:	Product Responsibility	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social Sustainability - Product Responsibility	66
		KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Sustainability - Product Responsibility	70
		KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Social Sustainability - Product Responsibility	70
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social Sustainability - Product Responsibility	68
		KPI B6.4	Description of quality assurance process and recall procedures	Social Sustainability - Product Responsibility	67
		KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social Sustainability - Product Responsibility	68
B7:	Anti-corruption	General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social Sustainability - Anti-corruption	70
		KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Social Sustainability - Anti-corruption	72
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social Sustainability - Anti-corruption	71
		KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social Sustainability - Anti-corruption	71

Aspects	ESG Indicators	Description	Chapter	Page
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Sustainability - Community Investment	72
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Sustainability - Community Investment	72
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Sustainability - Community Investment	72

Directors and Senior Management

DIRECTORS

The Company has four executive Directors, one non-executive Director and three independent non-executive Directors. Their details are set out below:

EXECUTIVE DIRECTORS

Mr. Zhao Jinmin (趙金岷先生), aged 53, is the Chairman of our Board, an executive Director and the Chief Executive Officer. He is primarily responsible for supervising the overall operations of our Group and planning our business and marketing strategies. Mr. Zhao was appointed as a Director on 19 December 2016 upon the incorporation of our Company and was re-designated as an executive Director on 21 March 2017. As one of the founders of our Group, Mr. Zhao has about 20 years of experience in the oil and gas industry. Since March 1999 up to March 2017, he has been a director of Changchun Yitonghe, which has been principally engaged in the distribution of petroleum and/or oil to vehicular end-users by operating petroleum refuelling stations, sales of petroleum products and other petroleum-related businesses.

Mr. Zhao was awarded a Bachelor degree in Industrial Engineering and Management (工業管理工程專業) from the School of Management, Jilin University of Technology (吉林工業大學) (now renamed as Jilin University (吉林大學)), the PRC, in July 1990.

Since the incorporation of Longjing United Strength Energy Development Company Limited (龍井眾誠能源發展有限公司) in July 2007, Mr. Zhao has been acting as one of its directors. He has been appointed as a director of Yanbian United Strength Energy Technology Development Company Limited (延邊眾誠能源技術開發有限公司) since October 2008 and he has also been serving as the sole director and general manager of Wuchang City Qinglian Gas Company Limited (五常市慶聯燃氣有限公司) since June 2010. Mr. Zhao has been the sole director of United Strength Power International Limited and United Strength Power HK Limited since their respective incorporations. Mr. Zhao is also a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Liu Yingwu (劉英武先生), aged 53, is an executive Director. He is primarily responsible for overseeing the operation and management of our businesses. Mr. Liu was appointed as a Director on 16 March 2017 and was redesignated as an executive director on 21 March 2017. As one of the founders of our Group, Mr. Liu has about 20 years of experience in the oil and gas industry. He has been a director of Changchun Yitonghe since March 1999 up to March 2017, responsible for overseeing the management and supervising the operation of the distribution of CNG, LNG and/or LPG to vehicular end-users by operating gas refuelling stations.

Mr. Liu was awarded a Bachelor degree in Industrial Engineering and Management (工業管理工程專業) from the School of Management, Jilin University of Technology (吉林工業大學) (now renamed as Jilin University (吉林大學)), the PRC, in July 1990.

Since February 2012, Mr. Liu has been serving as the sole director of Jilin Dongkun Gas Company Limited (吉林東昆燃氣有限公司). He has also been the sole director and the general manager of Liaoyuan City Hengtai Clean Energy Company Limited (遼源市恒泰清潔能源有限公司) since March 2012. Mr. Liu has been serving as the chairman and a director of each of Changchun Sinogas and Jilin Chinese Petroleum Clean Energy Environmental Protection Company Limited (吉林中油潔能環保有限責任公司) since December 2014 and October 2014, respectively. Mr. Liu is also a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Yuan Limin (原立民先生), aged 62, is an executive Director and was appointed on 27 November 2018. He is primarily responsible for financial planning and management of our Group.

Mr. Yuan has more than 30 years of valuable experience in the capital, investment and financial analysis, and handled more than 15 listing and fund raising projects in China and Hong Kong. Mr. Yuan is currently a director of United Strength Investment Limited and Sino Regent International Limited, which are subsidiaries of the Company. Mr. Yuan was appointed as executive director, deputy chairman of the Board and CEO of **China Graphene Group Limited (stock code: 0063) from November 2015 to January 2018. Mr. Yuan was also the non-executive director and chairman of Asia Fashion Holdings Limited (stock code: BQI), a company listed on the main board of the Singapore Exchange Limited, during the period from December 2013 to October 2015. Mr. Yuan was a senior business analyst with American Etech Securities Inc. from 2009 to 2012. He was the general manager of the CAD Company of the China Ministry of Aerospace from 1987 to 1998 and was an analyst with the Beijing Government's Finance office from 1982 to 1985. Mr. Yuan graduated with a Bachelor degree in Finance at the Beijing Institute of Technology, the PRC.

Mr. Ma Haidong (馬海東先生), aged 42, is an executive Director who joined our Group in August 2020. He is primarily responsible for the management and operation of the Group's petroleum refuelling business and the petroleum wholesale business, focusing on the petroleum refuelling station operation, which involves general operations, procurement and marketing affairs. Mr. Ma has over 15 years of experience in the oil and gas industry. Mr. Ma joined as a gas station master in April 2004. He worked as a manager at Changchun Longxing Liquified Gas Company (長春隆興液化氣公司) between March 2006 and February 2011 and was the manager of Shenyang Xinxin between June 2014 and March 2018. He has been serving as an assistant to president of Changchun Yitonghe since March 2018. He has been serving as a director of Shenyang United Strength since May 2017. Mr. Ma obtained a Bachelor degree in Management from Shenyang Institute of Chemical Technology (瀋陽化工學院) (now renamed as Shenyang University of Chemical Technology (瀋陽化工大學)), the PRC, in July 2004. Mr. Ma obtained the qualification as a senior economist conferred by Jilin Province Human Resources and Social Security Protection Department (吉林省人力資源和社會保障廳) in January 2011. Mr. Ma was a committee member of the Shenyang City Shenbei New District Committee of the PRC Political Consultative Conference (中國人民政治協商會議瀋陽市瀋北新區政協委員會) from February 2015 to October 2017.

NON-EXECUTIVE DIRECTOR

Mr. Xu Huilin (徐輝林先生), aged 46, is a non-executive Director who joined our Group in March 2017. Mr. Xu was appointed as a Director on 16 March 2017 and was redesignated as a non-executive Director on 31 December 2020.

Before he joined our Group, Mr. Xu has over 15 years of experience in the oil and gas industry and finance management, including over 12 years of experience in the Sinochem Group (中國中化集團公司), which is principally engaged in, among other businesses, trading, distribution, development of sale networks of oil and gas products. Mr. Xu had been serving in various subsidiaries of the Sinochem Group and joint ventures of the Sinochem Group and TOTAL S.A., a France-based oil and gas company under various management titles as assistant general manager, deputy general manager and general manager. He was generally responsible for general management and participation in the business operation and development. Mr. Xu obtained a Bachelor degree and a Master degree in the Department of Chemical Engineering (化學工程系) from Tsinghua University (清華大學), the PRC, in July 1999 and January 2002, respectively. Mr. Xu subsequently obtained an Executive Master of Business Administration (EMBA) degree at China Europe International Business School (中歐國際工商學院), the PRC, in June 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Su Dan (蘇丹女士), aged 41, was appointed as an independent non-executive Director on 21 September 2017. Ms. Su obtained a Bachelor degree in Language and Literature (文學學士) at the Beijing Foreign Studies University (北京外國語大學), the PRC, in July 2002. Ms. Su subsequently obtained a Master degree in Public Administration from the Columbia University, the USA, in October 2005. She was awarded the certificate of independent director qualification (獨立董事資格證書) issued by the Shanghai Stock Exchange in September 2012. Ms. Su has over ten years' experience in the banking and financial industry. Currently, she is a director of Chinaway International Development Ltd. (漢通國際發展有限公司), a company principally engaged in the provision of market analysis and corporate finance advisory service and is responsible for providing consultancy services to corporate clients. During the period from January 2007 to December 2012, Ms. Su has worked under various managing position in a number of banks or financial institutes, including ICEA Capital Limited (工商東亞融資有限公司), ICBC International Capital Limited (工銀國際融資有限公司) and HSBC Private Bank (Suisse) SA, Hong Kong Branch (匯豐私人銀行(瑞士)有限公司香港分行).

Mr. Lau Ying Kit (劉英傑先生), aged 48, was appointed as an independent non-executive Director on 21 September 2017. Mr. Lau is currently an independent non-executive director of **KangLi International Holdings Limited (stock code: 6890), **Kingdom Holdings Limited (stock code: 528) and **Sinco Pharmaceuticals Holdings Limited (stock code: 6833). Mr. Lau was an independent non-executive director of **Xiezhong International Holdings Limited (stock code: 3663) from May 2012 to October 2020 and an independent non-executive director of **China Wood Optimization (Holding) Limited (stock code: 1885) from December 2013 to February 2022. Mr. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Master's degree in finance from the City University of Hong Kong. He has extensive experience in financial and accounting in China and Hong Kong.

Mr. Zhang Zhifeng (張志峰先生), aged 59, was appointed as an independent non-executive Director on 27 November 2018. Mr. Zhang has more than 37 years' valuable experience in banking and financing industry. Mr. Zhang is currently a senior account manager of Changchun Branch of Jilin Province of Industrial and Commercial Bank of China Limited ("ICBC"). Since November 2001, Mr. Zhang has held various management positions in different branches of ICBC. Mr. Zhang graduated with a Bachelor degree in Economic Management at the Jilin Provincial Party School of the Communist Party of China (中共吉林省委黨校) in March 2002.

SENIOR MANAGEMENT

Mr. Lo Wai Kit (盧偉傑先生), aged 49, is the Chief Financial Officer and Company Secretary of our Company who joined our Group in March 2017. He is mainly responsible for overseeing the finance, accounting and company secretarial matters of our Group. Mr. Lo obtained a Bachelor degree of Arts (Honours) in Accountancy from the City University of Hong Kong, Hong Kong in November 1995. He is an associate member of the Association of Chartered Certified Accountants, a fellow member of the HKICPA and a Chartered Financial Analyst. Mr. Lo has over 18 years of experience in accounting and financial areas. Prior to joining our Group, Mr. Lo has been the company secretary and qualified accountant of **Asia Cement (China) Holdings Corporation from December 2007 to March 2017, responsible for handling the finance and company secretarial matters.

Ms. Bian Xiaodan (邊曉丹女士), aged 39, is the Chief Administrative Officer who joined our Group in March 2017. She is mainly responsible for overseeing the human resources, administration and public relations matter of our Group. Prior to joining our Group, Ms. Bian has served as the secretary of the board of directors of Changchun Yitonghe during the period from November 2006 to March 2017. She has more than 10 years of experience in general administration and affairs of corporations. Ms. Bian obtained a Master degree in Business Administration from the Asia International Open University (Macau) (亞洲(澳門)國際公開大學) (now renamed as City University of Macau (澳門城市大學)), Macau in November 2008.

Mr. Wang Zhiwei (王志偉先生), aged 55, is the general manager of Changchun Sinogas. Mr. Wang's major responsibilities in our Group include supervising and managing the operation of the refuelling stations with a particular focus in those located in Changchun City, Jilin Province. Mr. Wang was awarded a Bachelor degree in Industrial Engineering and Management (工業管理工程專業) from the School of Management, Jilin University of Technology (吉林工業大學) (now renamed as Jilin University (吉林大學)), the PRC, in July 1990.

Mr. Meng Xiange (孟憲革先生), aged 54, is the general manager of Longjing United Strength Energy Development Company Limited (龍井眾誠能源發展有限公司). Prior to joining our Group, Mr. Meng has about 21 years of experience in the brewery business including holdings various managing positions in such companies. Mr. Meng's major responsibilities in our Group include supervising and managing the operation of the refuelling stations with a particular focus in those located in Yanji City, Longjing City and Helong City, Jilin Province. Mr. Meng was awarded a Bachelor degree in Machinery and Equipment Manufacturing Engineering (機械製造工藝及設備專業) from Jilin Institute of Technology (吉林工學院) (now renamed as Changchun University of Technology (長春工業大學)), the PRC, in July 1988.

Mr. Peng Wei (彭偉先生), aged 56, is the head of Information Management Department of the Group. He is mainly responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the information technology system management. Mr. Peng graduated from the China Textile University (中國紡織大學) (now renamed as Donghua University (東華大學)), the PRC in July 1988 and specialised his studies in Industrial Electrical Automation (工業電氣自動化專業). He also obtained the qualification as a senior engineer in computer science (計算機專業) conferred by Jilin Province Human Resources Protection Department* (吉林省人力資源保障廳) in January 2012. Mr. Peng has been a committee member of the Jilin Province Changchun City Erdao District Committee of the PRC Political Consultative Conference* (中國人民政治協商會議吉林省長春市二道區政協委員) with the effective period from October 2016 to October 2021.

Mr. Song Shuzhe (宋舒哲先生), aged 59, is the head of Safety Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the operation safety and management of the petroleum refuelling stations and storage facilities. He worked for the People's Liberation Army of the PRC between 1980 and 1986. Mr. Song completed his tertiary studies at Liaoning Kunshou Committee Party School* (遼寧刊授黨校), the PRC, in December 1993.

Mr. Wang Chuang (王闖先生), aged 50, is the head of Storage and Logistics Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the management of and daily operation of the petroleum storage facilities and the transportation vehicle fleet. Mr. Wang Chuang obtained a Bachelor degree in Engineering and a Master degree in Business Administration from Dalian University of Technology (大連理工大學), the PRC, in July 1992 and June 2001, respectively.

Mr. Zhang Hongtu (張宏圖先生), aged 45, is the vice head of Safety Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the operation safety and management of the petroleum refuelling stations and storage facilities. Mr. Zhang completed his studies in economic law at Jilin Province Institute of Technology* (吉林工學院) (now renamed as Changchun University of Technology (長春工業大學)), the PRC, in July 1998, and further completed his studies in law and obtained a graduation certificate of Self-taught Higher Education Examinations* (高等教育自學考試) from Jilin Province Higher Education Self-study Examination Committee (吉林省高等教育自學考試委員會) and Jilin University (吉林大學), the PRC, in December 2004.

Ms. Liu Guowei (劉國偉女士), aged 42, is the head of Human Resources Department of the Group. She is mainly responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the human resources management including recruitment and manpower deployment. Ms. Liu completed her studies in secretarial profession* (文秘專業) and obtained a graduation certificate of Self-taught Higher Education Examinations* (高等教育自學考試畢業證書) from Jilin Province Higher Education Self-study Examination Committee (吉林省高等教育自學考試委員會) and Jilin University, the PRC, in December 2005.

** *companies listed on The Stock Exchange of Hong Kong Limited*

Directors' Report

The Directors are pleased to present their Annual Report, including the audited consolidated financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group's principal business activities are engaged in the sale of petroleum and natural gas to vehicular end-users by operating refuelling stations, wholesale of refined oil products business and provision of petroleum and gas transportation services. The activities of the principal subsidiaries are set out on pages 147-149 of this annual report. Details of changes in the nature of the Group's principal activities during the year ended 31 December 2021 are set out in the "Management Discussion and Analysis" of this annual report.

BUSINESS REVIEW

A fair review of the business, business outlook and the key financial performance indicators of the Group are provided in the "Management Discussion and Analysis" of this annual report. In addition, more details regarding the Group's performance in relation to environmental and social-related policies, an account of the Group's relationship with its key stakeholders, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the "Environmental, Social and Governance Report" and "Corporate Governance Report" of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 101-102 of this annual report.

The Directors recommended the payment of a final dividend of HK$0.0267 per ordinary share, totaling HK$10 million in respect of the year to shareholders on the register of members on 20 June 2022. The proposed final dividend for the year ended 31 December 2021 has been approved at the Company's Board meeting on 30 March 2022 and is subject to approval by shareholders at the forthcoming general meeting of the Company. Details of the dividends for the year ended 31 December 2021 are set forth in note 24 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 7 June 2022 to Friday, 10 June 2022, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 6 June 2022.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Monday, 20 June 2022 being the record date for determination of entitlement to the final dividend. The register of members of the Company will be closed from Thursday, 16 June 2022 to Monday, 20 June 2022, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 June 2022.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2021 are set forth in note 24 to the consolidated financial statements and in the consolidated statement of changes in equity on page 106 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company’s reserves available for distribution, calculated in accordance with the Cayman Islands Companies Law, amounted to approximately RMB722 million. The amount of approximately RMB722 million includes the Company’s share premium account of approximately RMB719 million and retained profits of approximately RMB2 million in aggregate as at 31 December 2021, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

Details of movement of property, plant and equipment of the Group, during the year in the fixed assets are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital of the Company during the year are set forth in note 24 to the financial consolidated statements and in the section headed “Directors’ Report – Share Option Scheme” in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company’s securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group’s purchases and revenue from sales of goods or rendering of services attributable to major suppliers and customers are as follows:

Percentage of purchases attributable to the Group’s largest supplier	36
Percentage of purchases attributable to the Group’s five largest suppliers	81
Percentage of revenue attributable to the Group’s largest customer	4
Percentage of revenue attributable to the Group’s five largest customers	9

Aggregate sales attributable to the Group’s five largest customers were less than 30% of the total turnover of the Group in both the years of 2020 and 2021.

Save for the above, none of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) has an interest in the major suppliers or customers noted above.

RELATED PARTY TRANSACTIONS

Other related party transactions disclosed in note 27(a) to the consolidated financial statements also constitute connected transactions entered into or continued by the Group during 2021 and are regarded as “de minimis transactions” pursuant to the Listing Rules. In respect of such connected transactions, no matter is required to be disclosed pursuant to the requirements under Chapter 14A of the Listing Rules.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

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

Non-executive Director

Mr. Xu Huilin

Independent Non-executive Directors

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

In accordance with the Articles, one third of the Directors for the time being shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. Also, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. A circular containing the explanatory statement on repurchase by the Company of its shares, the biographical details of the Directors eligible for re-election and the notice of annual general meeting will be sent to shareholders of the Company in due course.

DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in pages 79-82 of this annual report.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed as update in Directors' and senior managements' biographies set out in pages 79-82 of this annual report, there are no changes to the Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS OF THE COMPANY

Details of the emoluments of the directors and the five highest paid individuals of the Company in 2021 are set out in notes 8 and 9 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, circular of the Company dated 30 June 2020 (the"Circular") and in the Prospectus, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year ended 31 December 2021 or at any time during the financial year ended 31 December 2021.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company, Mr. Zhao Jinmin and Mr. Liu Yingwu have entered into a service contract with the Company commencing on 1 April 2017, and Mr. Yuan Limin and Mr. Ma Haidong have entered into a service contract with the Company for a term of three years commencing on 27 November 2018 and 24 August 2020 respectively, all of which may be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

The Company has issued an appointment letter to a non-executive Director for a term of three years. The Company has issued an appointment letter to Mr. Xu Huilin commencing on 31 December 2020, which may be terminated in accordance with the provisions thereof by either party giving to the other not less that three months' prior notice in writing.

The Company has issued an appointment letter to each of the independent non-executive Directors, being Ms. Su Dan, Mr. Lau Ying Kit and Mr. Zhang Zhifeng, commencing on 1 September 2017, 1 September 2017, and 27 November 2018 respectively, all of which may be terminated in accordance with the provisions thereof by either party giving to the other not less than three months' prior notice in writing.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guideline set forth in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 was the Company, or any of its holding company or subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS AND OFFICERS INSURANCE

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

Appropriate insurance covers on directors' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure from the business of the Group since the Listing Date.

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

As at 31 December 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	Beneficial owner	100	100%
	Propitious Peak	Beneficial owner	100	100%

Save as disclosed above, as at 31 December 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 31 December 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) 130,148,240 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 31 December 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 approximately 6.3% of the issued share capital of the Company as at the date of this annual 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 31 December 2021, or as at the date of this annual report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the human resources department of the Group on the basis of their merits, qualifications and competence.

The emolument policy of the Directors is determined by the Remuneration Committee, having regard to the Company's operating results, individual duties and performance and comparable market statistics.

The Group operates a Mandatory Provident Fund ("**MPF**") Scheme under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2021.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended 31 December 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES

The Group is committed to promoting awareness and decisions that contribute to achieving environmentally sustainable development. We will comply fully with all applicable environmental laws and regulations. We will use fuel, water and other natural resources efficiently and conservatively. We recognise this to be a continuous process of improvement and we seek to actively look for environmental friendly options and carry out environmental friendly practices whenever appropriate and possible.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS AND OTHERS

Employees are remunerated equitably and competitively. Continuing training and development opportunities are provided to equip them to deliver their best performance and achieve corporate goals. During the reporting period, our staff continuously pursue training and career development through our training system.

Customers' feedback and advice could be taking into account via customer communication channel.

The Group uses suppliers that reflect its values and commitment. The Group has policies and procedures to select suppliers and contractors who share our social, environmental and labour practice standards.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Each of the controlling shareholders has made an annual declaration in respect of their compliance with the terms of non-competition undertaking. Details of the non-competition undertaking are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the Circular.

The independent non-executive Directors had reviewed and confirmed that the controlling shareholders of the Company have complied with the non-competition undertaking and the non-competition undertaking for the period set forth in the paragraph above has been enforced by the Company in accordance with its terms.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save and except for the interests of our Controlling Shareholders in our Company and disclosed in the Prospectus and Circular, during the year ended 31 December 2021, neither our Directors and their respective close associates (other than members of our Group) has any interest in a business, apart from the business of our Group, which competes or likely compete, either directly or indirectly, with the business of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONTINUING CONNECTED TRANSACTIONS

During the year, members of the Group has entered into continuing connected transactions with connected persons, details of which are subject to the reporting requirements under Rule 14A.71 of the Listing Rules and are summarised herein below. The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group as below in accordance with Main Board Listing Rule 14A.56. The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of the above-mentioned continuing connected transactions and the actual amount incurred for the year ended 31 December 2021 or as at 31 December 2021 are summarized as follows:

	From 1 January 2021/ the effective date to 31 December 2021 RMB million
Provision of Petroleum and Liquefied Gas Transportation Service (Annual cap: RMB20 million)	
Provision of petroleum and liquefied gas transportation services for 3 years by Jieli Logistics to Changchun Yitonghe in consideration for the payment of transportation service fee. The agreement was entered on 11 June 2021. Details of the transactions are set out in the section headed "THE PROVISION OF PETROLEUM AND LIQUEFIED GAS TRANSPORTATION SERVICE" of the announcement dated 11 June 2021. The Company revised the annual caps for the provision of petroleum and liquefied gas transportation service to RMB20,000,000 during 2021. For details, please refer to the announcement of the Company dated 7 December 2021.	15.56

	From 1 January 2021/ the effective date to 31 December 2021 RMB million
Petroleum Supply Agreement (Annual cap: RMB1,400 million)	
The petroleum supply agreement for 3 years entered into between WFOE and Songyuan Petrochemical, pursuant to which Songyuan Petrochemical will supply petroleum to the WFOE Group. The agreement was entered on 26 June 2020. Details of the transactions are set out in the section headed "Non-Exempt Continuing Connected Transactions" of the announcement dated 19 September 2019 and the circular dated 30 June 2020.	1,136.36
Supply of Refined Oil Products by the Group to United Strength Vehicle Service (Annual cap: RMB60 million)	
The agreement entered into between WFOE and United Strength Vehicle Service, pursuant to which United Strength Vehicle Service will procure refined oil products from the WFOE Group. The agreement was entered on 26 June 2020. Details of the transactions are set out in the section headed "Non-Exempt Continuing Connected Transactions" of the announcement dated 19 September 2019 and the circular dated 30 June 2020. The Company revised the annual caps for the supply of refined oil products to RMB60,000,000 during 2021. For details, please refer to the announcements of the Company dated 27 and 29 April 2021.	48.85

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge information and belief of the Directors, at least 25% of the Company's total issued share capital was held by the public, for the period from the Listing Date to the date of this annual report.

AUDITOR

The Company has appointed KPMG as the auditor of the Company for the year ended 31 December 2021. KPMG will retire and, being eligible, will offer itself for re-appointment. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The Company did not change its external auditor in the past three years.

On behalf of the Board
Zhao Jinmin
Chairman and chief executive officer

30 March 2022

Independent Auditor's Report

KPMG

Independent auditor's report to the shareholders of
United Strength Power Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of United Strength Power Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 101 to 177, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Assessment of the potential impairment of property, plant and equipment

Refer to Note 11 to the consolidated financial statements and the accounting policies in Note 2(j)(ii).

The Key Audit Matter	How the matter was addressed in our audit
The fluctuation of the sales volume and prices of refined oil, compressed natural gas ("CNG"), liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") affects the performance of the Group's refuelling stations and storage facilities business. The Group's refuelling stations and storage facilities business is principally operated through petroleum and natural gas refuelling stations, storage facilities and transportation vehicles. At the end of each reporting period, management reviews internal and external information to identify whether any impairment indications on the Group's property, plant and equipment exist. If any such indication exists, management performs impairment assessments of the property, plant and equipment to estimate these asset's recoverable amounts.	Our audit procedures to assess the potential impairment of property, plant and equipment included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to impairment assessment of the potential impairment of property, plant and equipment; • assessing management's methodology adopted in identification of indicators of potential impairment of property, plant and equipment, identification of the CGUs and the allocation of assets to each CGU with reference to our understanding of the Group's refuelling station and storage facilities business and the requirements of the prevailing accounting standards; • for those CGUs that included property, plant and equipment with impairment indicators, assessing the relevant discounted cash flow forecasts prepared by the management, including: – assessing the appropriateness of the using of the value in use model for determining the recoverable amounts;

KEY AUDIT MATTERS (continued)

Assessment of the potential impairment of property, plant and equipment (continued)

Refer to Note 11 to the consolidated financial statements and the accounting policies in Note 2(j)(ii).

The Key Audit Matter	How the matter was addressed in our audit
For cash-generating units ("CGUs") where indicators of impairment were identified, management compares the carrying amounts of the property, plant and equipment allocated to these CGUs with the respective recoverable amounts, which are estimated by preparing the relevant discounted cash flow forecasts, to determine the amounts of impairment losses, if any. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement in determining the relevant inputs to be included in the discounted cash flow forecasts and the assumptions adopted therein, including forecast selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG, forecast expenses and the applicable discount rates.	– assessing management's discounted cash flow forecasts for those CGUs where impairment indicators were identified by comparing the key assumptions adopted by management, in particular, forecast selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG and forecast expenses, with our understanding, experience and knowledge of the Group's refuelling station and storage facilities business and the refined oil, CNG, LPG and LNG industry in general; – comparing the key data used in the management's discounted cash flow forecasts for those CGUs with market and other externally available information, such as comparing the forecast selling prices and purchase prices of refined oil, CNG, LPG and LNG with external market data up to the date of this report, with consideration of the available market and external information; – comparing key financial data, including revenue, cost of sales and expenses, included in the discounted cash flow forecasts with the budgets approved by the board of directors;

KEY AUDIT MATTERS (continued)

Assessment of the potential impairment of property, plant and equipment (continued) *Refer to Note 11 to the consolidated financial statements and the accounting policies in Note 2(j)(ii).* **The Key Audit Matter**	**How the matter was addressed in our audit**
We identified assessment of the potential impairment of the property, plant and equipment as a key audit matter because impairment assessments involve the exercise of significant management judgement, particularly in forecasting selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG, forecasting expenses and determining the appropriate discount rates, all of which could be subject to management bias in their selection.	– comparing the actual results for the current year and the latest available financial information up to the date of this report with management's estimates in their discounted cash flow forecasts prepared in the previous years to assess the historical accuracy of the management's forecasting process; – engaging our internal valuation specialists, where appropriate, to assist us in assessing whether the discount rates applied in the discounted cash flow forecasts were within the range of those adopted by other companies in the same industry; – performing sensitivity analyses of the key assumptions adopted by management, including forecast selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG, forecast expenses and the applicable discount rates, to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions; and – assessing the disclosures in the consolidated financial statements in respect of the impairment assessment of property, plant and equipment with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wan Chi Yau, Charles.

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

30 March 2022

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021 *(Expressed in Renminbi ("RMB"))*

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	**5,830,081**	3,481,322
Cost of sales		**(5,217,357)**	(3,011,037)
Gross profit	4(b)	**612,724**	470,285
Other income	5	**12,161**	5,975
Staff costs	6(b)	**(161,686)**	(136,075)
Depreciation expenses	6(c)	**(75,767)**	(73,403)
Impairment gain on trade receivables	25(a)	**4,075**	1,919
Other operating expenses		**(98,484)**	(60,799)
Profit from operations		**293,023**	207,902
Share of profits of a joint venture	14	**1,003**	2,285
Finance costs	6(a)	**(41,902)**	(26,854)
Costs incurred in connection with the acquisitions of businesses		**–**	(12,519)
Profit before taxation	6	**252,124**	170,814
Income tax	7	**(70,200)**	(46,451)
Profit for the year		**181,924**	124,363
Attributable to:			
Equity shareholders of the Company		**176,620**	123,283
Non-controlling interests		**5,304**	1,080
Profit for the year		**181,924**	124,363
Earnings per share			
– Basic and diluted (RMB)	10	**0.47**	0.35

The notes on pages 109 to 177 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 24(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021 *(Expressed in RMB)*

	2021 **RMB'000**	2020 RMB'000
Profit for the year	**181,924**	124,363
Other comprehensive income for the year (after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements denominated in foreign currencies into presentation currency of the Group	**(1,540)**	(6,997)
Total comprehensive income for the year	**180,384**	117,366
Attributable to:		
Equity shareholders of the Company	**175,031**	116,209
Non-controlling interests	**5,353**	1,157
Total comprehensive income for the year	**180,384**	117,366

The notes on pages 109 to 177 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2021 *(Expressed in RMB)*

	Note	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment	*11*	**636,344**	637,847
Investment properties	*12*	**2,035**	2,199
Interest in a joint venture	*14*	**73,878**	75,028
Deferred tax assets	*23(b)*	**7,751**	7,793
		720,008	722,867
Current assets			
Inventories	*15*	**80,025**	111,976
Trade and bills receivables	*16*	**38,346**	39,248
Prepayments, deposits and other receivables	*17*	**600,640**	256,959
Income tax recoverable	*23(a)*	**3,582**	3,468
Cash at bank and on hand	*18*	**101,774**	138,617
		824,367	550,268
Current liabilities			
Bank and other loans	*19(a)*	**207,453**	192,978
Trade and bills payables	*20*	**113,947**	90,139
Accrued expenses, other payables and contract liabilities	*21*	**253,654**	258,484
Lease liabilities	*22*	**124,389**	50,711
Income tax payable	*23(a)*	**38,149**	28,763
		737,592	621,075
Net current assets/(liabilities)		**86,775**	(70,807)
Total assets less current liabilities		**806,783**	652,060
Non-current liabilities			
Bank and other loans	*19(b)*	**45,625**	49,078
Lease liabilities	*22*	**307,001**	311,521
Deferred tax liabilities	*23(b)*	**5,496**	6,352
		358,122	366,951
NET ASSETS		**448,661**	285,109

The notes on pages 109 to 177 form part of these financial statements.

Consolidated Statement of Financial Position (continued)

At 31 December 2021 *(Expressed in RMB)*

	Note	**31 December 2021 RMB'000**	31 December 2020 RMB'000
CAPITAL AND RESERVES	*24*		
Share capital		**32,293**	32,293
Reserves		**379,511**	221,312
Total equity attributable to equity shareholders of the Company		**411,804**	253,605
Non-controlling interests		**36,857**	31,504
TOTAL EQUITY		**448,661**	285,109

Approved and authorised for issue by the board of directors on 30 March 2022.

Zhao Jinmin
Chairman

Liu Yingwu
Director

The notes on pages 109 to 177 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021 *(Expressed in RMB)*

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 *(Note 24(c))*	Share premium RMB'000 *(Note 24(d)(i))*	Other reserve RMB'000 *(Note 24(d)(ii))*	Statutory reserve RMB'000 *(Note 24(d)(iii))*	Exchange reserve RMB'000 *(Note 24(d)(iv))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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 2020:									
Profit for the year	–	–	–	–	–	123,283	123,283	1,080	124,363
Other comprehensive income for the year	–	–	–	–	(7,074)	–	(7,074)	77	(6,997)
Total comprehensive income	–	–	–	–	(7,074)	123,283	116,209	1,157	117,366
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	–	(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(b))*	–	–	–	–	–	(61,037)	(61,037)	–	(61,037)
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	616,919	(672,290)	2,766	–	(63,803)	(103,909)	(274)	(104,183)
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 109 to 177 form part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2021 *(Expressed in RMB)*

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 *(Note 24(c))*	Share premium RMB'000 *(Note 24(d)(i))*	Other reserve RMB'000 *(Note 24(d)(ii))*	Statutory reserve RMB'000 *(Note 24(d)(iii))*	Exchange reserve RMB'000 *(Note 24(d)(iv))*	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 2021:									
Profit for the year	–	–	–	–	–	176,620	176,620	5,304	181,924
Other comprehensive income for the year	–	–	–	–	(1,589)	–	(1,589)	49	(1,540)
Total comprehensive income	–	–	–	–	(1,589)	176,620	175,031	5,353	180,384
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	–	–	–	–	–	(16,832)	(16,832)	–	(16,832)
Appropriation to reserves	–	–	–	3,299	–	(3,299)	–	–	–
	–	–	–	3,299	–	(20,131)	(16,832)	–	(16,832)
Balance at 31 December 2021	32,293	719,491	(700,106)	15,000	(893)	346,019	411,804	36,857	448,661

The notes on pages 109 to 177 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2021 *(Expressed in RMB)*

	Note	**2021 RMB'000**	2020 RMB'000
Operating activities			
Profit before taxation		**252,124**	170,814
Adjustments for:			
Depreciation expenses	*6(c)*	**75,767**	73,403
Net (gain)/loss on disposal of property, plant and equipment	*5*	**(1,181)**	102
Finance costs	*6(a)*	**41,902**	26,854
Interest income	*5*	**(413)**	(439)
Share of profits of a joint venture	*14*	**(1,003)**	(2,285)
Changes in working capital:			
Decrease/(increase) in inventories		**31,951**	(8,297)
Decrease in trade and bills receivables		**902**	3,645
Increase in prepayments, deposits and other receivables		**(343,681)**	(41,160)
Increase in trade and bills payables		**23,808**	14,317
Increase/(decrease) in accrued expenses, other payables and contract liabilities		**44,579**	(19,458)
Cash generated from operations		**124,755**	217,496
Income tax paid	*23(a)*	**(61,742)**	(35,090)
Net cash generated from operating activities		**63,013**	182,406
Investing activities			
Payments for purchase of property, plant and equipment		**(23,798)**	(43,606)
Proceeds from disposal of property, plant and equipment		**10,115**	851
Interest received		**413**	439
Net cash used in investing activities		**(13,270)**	(42,316)

The notes on pages 109 to 177 form part of these financial statements.

Consolidated Cash Flow Statement (continued)

For the year ended 31 December 2021 *(Expressed in RMB)*

	Note	**2021 RMB'000**	2020 RMB'000
Financing activities			
Proceeds from bank and other loans	*18(b)*	**204,000**	220,910
Repayment of bank and other loans	*18(b)*	**(192,978)**	(143,179)
Proceeds from placing of new shares, net of share issuance expenses		**–**	174,094
Payments for the Acquisition under common control		**–**	(133,919)
Capital element of lease rentals paid	*18(b)*	**(10,920)**	(10,013)
Interest element of lease rentals paid	*18(b)*	**(4,445)**	(4,409)
Dividends paid to equity shareholders of the Company	*18(b)*	**(16,832)**	(17,855)
Distributions paid to non-controlling equity owners of a subsidiary	*18(b)*	**–**	(274)
Net decrease in the amounts due to related parties	*18(b)*	**(51,984)**	(155,591)
Increase in pledged bank deposits		**(21,200)**	(7,000)
Interest paid	*18(b)*	**(12,934)**	(14,202)
Net cash used in financing activities		**(107,293)**	(91,438)
Net (decrease)/increase in cash and cash equivalents		**(57,550)**	48,652
Cash and cash equivalents at 1 January	*18(a)*	**111,617**	65,689
Effect of foreign exchange rate changes		**(493)**	(2,724)
Cash and cash equivalents at 31 December	*18(a)*	**53,574**	111,617

The notes on pages 109 to 177 form part of these financial statements.

Notes to the Financial Statements

(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 of petroleum and natural gas services.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interest in a joint venture.

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

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

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 set out in Note 2(i).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (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. 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.

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 these financial statements 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.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The number of refuelling stations and storage facilities of the Group as at 31 December 2021 was as follows:

	Owned by the Group		Operated by the Group under the Entrusted Management Agreement	
	Refuelling stations	Petroleum storage facilities	Refuelling stations	Petroleum storage facilities
At 31 December 2021	52	2	42	1
At 31 December 2020	47	2	44	1

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those equity interests which would result in the Group as a whole having a contractual obligation in respect of those equity interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's equity interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire equity interests in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any equity interests retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combination under common control

Business combinations arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the comparative period or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's perspective. The components of equity of the acquired entities are added to the same components within the Group's equity and any difference between the net assets acquired and the consideration paid is recognised directly in equity.

(f) Joint venture

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assess whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investee and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's equity interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture (after applying the ECL (as defined in Note 2(j)) model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's equity interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, the retained equity interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire equity interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any equity interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). The depreciation policy is the same as that of property, plant and equipment (see Note 2(h)). Rental income from investment properties is accounted for as described in Note 2(t)(iii).

When the Group holds a property interest under a lease as a right-of-use asset to earn rental income and/or for capital appreciation, the right-of-use asset is classified and accounted for as an investment property on a property-by-property basis. Lease payments are accounted for as described in Note 2(i).

(h) Property, plant and equipment

The items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs (see Note 2(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows:

	Estimated useful lives
– Buildings and properties	Over the shorter of the term of lease and their estimated useful lives
– Refuelling equipment, storage facilities and related equipment	3–15 years
– Motor vehicles and other equipment	3–10 years
– Right-of-use assets	Over the term of lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the Covid-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16, *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidation statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables);
- contract assets; and
- lease receivables.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and bills receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(t)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

– significant changes in the market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- investment properties; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- *Reversals of impairment losses*

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(j)(i) and 2(j)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventories (see Note 2(k)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventories, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(t).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and control over the goods is transferred to the customer.

(ii) Render of services

Revenue from the render of services is recognised progressively based on percentage of completion.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or rate are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and consequently recognised in profit or loss over the useful life of the related asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Translation of foreign currencies

Foreign currency transactions are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity to which they relate at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency of the entity to which they relate using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities.

The results of foreign operations which have a functional currency other than RMB, the Group's presentation currency, are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty and critical accounting judgement made by the management are as follows:

(a) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in Note 2(j)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the asset and could result in additional impairment charge or reversal of impairment in future periods.

(b) Depreciation

Property, plant and equipment are depreciated over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values, if any, of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of useful lives and residual values, if any, are based on the historical experience with similar assets and taking into account anticipated changes on how such assets are to be deployed. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Deferred tax

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits, after taking into account future tax planning strategies. The amount of deferred tax assets recognised at future dates are adjusted if there are significant changes from these estimates.

(d) Determining the lease term

As explained in policy Note 2(i), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operations. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future periods.

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:

	2021 RMB'000	2020 RMB'000
Disaggregated by major products or service lines:		
– Sales of refined oil and natural gas	**5,774,576**	3,429,882
– Revenue from the provision of transportation services	**54,353**	44,063
– Revenue from the trading of liquefied petroleum gas ("LPG"), liquefied natural gas ("LNG") and related chemical products	**1,152**	7,377
	5,830,081	3,481,322

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

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue in 2021 (2020: Nil). Details of the Group's concentrations of credit risk are set out in Note 25(a).

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 three 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 operating 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 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 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.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (continued)

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.

	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	5,539,329	236,399	–	5,775,728
– Over time	–	–	54,353	54,353
Revenue from external customers	5,539,329	236,399	54,353	5,830,081
Inter-segment revenue	21,906	246	54,222	76,374
Reportable segment revenue	5,561,235	236,645	108,575	5,906,455
Reportable segment gross profit	484,067	61,580	67,077	612,724

	2020			
	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	3,227,209	210,050	–	3,437,259
– Over time	–	–	44,063	44,063
Revenue from external customers	3,227,209	210,050	44,063	3,481,322
Inter-segment revenue	17,120	978	43,835	61,933
Reportable segment revenue	3,244,329	211,028	87,898	3,543,255
Reportable segment gross profit	336,388	76,306	57,591	470,285

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

	2021 RMB'000	2020 RMB'000
Revenue		
Reportable segment revenue	**5,906,455**	3,543,255
Elimination of inter-segment revenue	**(76,374)**	(61,933)
Consolidated revenue *(Note 4(a))*	**5,830,081**	3,481,322
Profit		
Reportable segment gross profit	**612,724**	470,285
Other income	**12,161**	5,975
Staff costs	**(161,686)**	(136,075)
Depreciation expenses	**(75,767)**	(73,403)
Impairment gain on trade receivables	**4,075**	1,919
Other operating expenses	**(98,484)**	(60,799)
Share of profits of a joint venture	**1,003**	2,285
Finance costs	**(41,902)**	(26,854)
Costs incurred in connection with the acquisitions of businesses	**–**	(12,519)
Consolidated profit before taxation	**252,124**	170,814

(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.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME

	2021 RMB'000	2020 RMB'000
Rental income from operating leases	**2,863**	2,992
Interest income	**413**	439
Net gain/(loss) on disposal of property, plant and equipment	**1,181**	(102)
Net foreign exchange losses	**(132)**	(217)
Reversal of other receivable previously written-off	**7,590**	–
Others	**246**	2,863
	12,161	5,975

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2021 RMB'000	2020 RMB'000
Interest expenses on:		
– bank and other loans	**12,934**	14,202
– lease liabilities *(Note 11(b)(ii))*	**28,968**	12,652
	41,902	26,854

No borrowing costs have been capitalised during the year ended 31 December 2021 (2020: RMBNil).

6 PROFIT BEFORE TAXATION (continued)

(b) Staff costs:

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	149,863	130,729
Contributions to defined contribution retirement plans	11,823	5,346
	161,686	136,075

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at rates range from 16% to 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (excluding Hong Kong), from the above mentioned retirement schemes at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollars ("HK$") 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligations for payment of other retirement benefits beyond the above contributions.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

6 PROFIT BEFORE TAXATION (continued)

(c) Other items:

	2021 RMB'000	2020 RMB'000
Depreciation expenses:		
– owned property, plant and equipment *(Note 11)*	**27,370**	36,549
– right-of-use assets *(Note 11)*	**48,233**	36,687
– investment properties *(Note 12)*	**164**	167
	75,767	73,403
Operating lease charges relating to short-term leases and leases of low-value-assets *(Note 11(b)(ii))*	**6,344**	252
Auditors' remuneration – audit services	**6,200**	6,200
Cost of inventories *(Note 15(b))*	**5,198,011**	2,993,538

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2021 RMB'000	2020 RMB'000
Current taxation *(Note 23(a))*		
Provision for the year	**71,014**	49,061
Deferred taxation *(Note 23(b))*		
Origination and reversal of temporary differences	**(814)**	(2,610)
	70,200	46,451

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 **RMB'000**	2020 RMB'000
Profit before taxation	**252,124**	170,814
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**66,372**	45,244
Tax effect of non-deductible expenses	**2,359**	4,376
Tax concessions	**(512)**	(2,655)
Tax effect of share of profits of a joint venture	**(165)**	(377)
Tax effect of unused tax losses and temporary differences not recognised/(utilisation of tax losses and temporary differences previously not recognised for deferred tax)	**646**	(2,137)
Tax effect of the withholding tax in connection with the retained profits to be distributed by a subsidiary *(Note (iv))*	**1,500**	2,000
Actual tax expense	**70,200**	46,451

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 year ended 31 December 2021 (2020: 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 year ended 31 December 2021 (2020: 25%).

(iv) At 31 December 2021, one of the subsidiaries of the Group established in the PRC intended to distribute RMB30,000,000 (2020: RMB40,000,000) to its immediate holding company in Hong Kong. Accordingly, a deferred tax liability of RMB1,500,000 (Note 23(b)) calculated at the applicable withholding tax rate has been recognised at 31 December 2021 (2020: RMB2,000,000).

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Zhao Jinmin	–	899	–	–	899
Mr. Liu Yingwu	–	700	–	–	700
Mr. Yuan Limin	–	996	–	15	1,011
Mr. Ma Haidong	–	180	–	14	194
Non-executive director					
Mr. Xu Huilin	–	299	3	3	305
Independent non-executive directors					
Ms. Su Dan	249	–	–	–	249
Mr. Lau Ying Kit	249	–	–	–	249
Mr. Zhang Zhifeng	249	–	–	–	249
	747	3,074	3	32	3,856

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (continued)

	2020				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Zhao Jinmin	–	107	–	–	107
Mr. Liu Yingwu	–	–*	–	–	–
Mr. Yuan Limin	–	1,066	89	16	1,171
Mr. Ma Haidong (appointed on 24 August 2020)	–	146	–	11	157
Non-executive director					
Mr. Xu Huilin (re-designated from executive director to non-executive director on 31 December 2020)	–	1,600	133	29	1,762
Independent non-executive directors					
Ms. Su Dan	267	–	–	–	267
Mr. Lau Ying Kit	267	–	–	–	267
Mr. Zhang Zhifeng	267	–	–	–	267
	801	2,919	222	56	3,998

* *The salaries, allowances and benefits in-kind are less than RMB1,000.*

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2020: two) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2020: three) individuals are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, discretionary bonuses and other emoluments	**1,457**	2,109
Retirement scheme contributions	**19**	32
	1,476	2,141

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	2021 Number of individuals	2020 Number of individuals
Hong Kong Dollars ("HK") Nil – HK$1,000,000	**2**	3

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for year ended 31 December 2021 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB176,620,000 and 374,502,000 ordinary shares in issue during the year.

The calculation of basic earnings per share for the year ended 31 December 2020 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB123,283,000 and the weighted average of 348,710,000 ordinary shares, comprising:

(i) 234,502,000 ordinary shares in issue as at 1 January 2020 and throughout the year ended 31 December 2020;

(ii) 100,000,000 shares issued on the completion of the Acquisition, as if the above 100,000,000 shares were outstanding throughout the year ended 31 December 2020; and

(iii) 40,000,000 shares placed at the issue price of HK$5.00 per share ("Placing Shares").

The calculation of the weighted average number of ordinary shares for the year ended 31 December 2021 is as follows:

	2021 **'000**	2020 '000
Issued ordinary shares at 1 January	**374,502**	234,502
Effect of issuance of shares upon the completion of the Acquisition	**–**	100,000
Effect of issuance of the Placing Shares	**–**	14,208
	374,502	348,710

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2021 and 2020.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts

	Buildings and properties RMB'000	Refuelling equipment, storage facilities and related equipment RMB'000	Motor vehicles and other equipment RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:						
At 1 January 2020	129,513	195,177	175,453	26,822	385,372	912,337
Additions	–	6,406	17,669	12,939	313,211	350,225
Transfer in/(out)	1,968	1,509	2,378	(29,625)	23,770	–
Derecognition of assets of the Entrusted Petroleum Refuelling Stations and Storage Facilities	(43,956)	(77,637)	(64,694)	(7,660)	(168,381)	(362,328)
Disposals	–	(3,172)	(11,406)	–	(12,653)	(27,231)
At 31 December 2020	87,525	122,283	119,400	2,476	541,319	873,003
Accumulated depreciation and impairment losses:						
At 1 January 2020	52,174	106,239	116,051	–	115,634	390,098
Charge for the year	3,887	13,593	19,069	–	36,687	73,236
Written back on the derecognition of the assets of Entrusted Petroleum Refuelling Stations and Storage Facilities	(25,145)	(45,996)	(51,324)	–	(84,371)	(206,836)
Written back on disposals	–	(2,852)	(10,644)	–	(7,846)	(21,342)
At 31 December 2020	30,916	70,984	73,152	–	60,104	235,156
Carrying amount:						
At 31 December 2020	56,609	51,299	46,248	2,476	481,215	637,847
Cost:						
At 1 January 2021	87,525	122,283	119,400	2,476	541,319	873,003
Additions	1,038	5,940	8,110	5,932	63,678	84,698
Transfer in/(out)	–	649	3,578	(4,227)	–	–
Disposals	(1,594)	(1,868)	(1,457)	(3,069)	(17,697)	(25,685)
At 31 December 2021	86,969	127,004	129,631	1,112	587,300	932,016
Accumulated depreciation and impairment losses:						
At 1 January 2021	30,916	70,984	73,152	–	60,104	235,156
Charge for the year	2,798	9,719	14,853	–	48,233	75,603
Written back on disposals	(171)	(1,686)	(1,439)	–	(11,791)	(15,087)
At 31 December 2021	33,543	79,017	86,566	–	96,546	295,672
Carrying amount:						
At 31 December 2021	53,426	47,987	43,065	1,112	490,754	636,344

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amounts (continued)

At 31 December 2021, property certificates of certain properties with carrying amounts of RMB1,086,000 (2020: RMB1,373,000) are yet to be obtained. The Group is in the process of applying for the ownership certificates for these properties, and Mr. Zhao Jinmin has undertaken to procure the obtaining of the title documents for the abovementioned properties. If title documents could not be obtained, Mr. Zhao Jinmin agreed to indemnify the Group for all the losses and damages arising therefrom.

(b) Right-of-use assets

(i) The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Land use rights *(Note 11(b)(iii))*	**127,201**	128,984
Buildings and properties *(Note 11(b)(iv))*	**5,360**	803
Refuelling equipment, storage facilities and related equipment *(Note 11(b)(iv))*	**357,560**	350,163
Motor vehicles and other equipment *(Note 11(b)(iv))*	**633**	1,265
	490,754	481,215

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Right-of-use assets (continued)

(ii) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 RMB'000	2020 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset *(Note 6(c))*:		
– Land use rights	**3,307**	4,133
– Buildings and properties	**2,369**	4,407
– Refuelling equipment, storage facilities and related equipment	**41,925**	27,935
– Motor vehicles and other equipment	**632**	212
	48,233	36,687
Interest expenses on lease liabilities *(Note 6(a))*	**28,968**	12,652
Operating lease charges relating to short-term leases and leases of low-value assets *(Note 6(c))*	**6,344**	252

(iii) Land use rights represent premiums paid by the Group for land located in the PRC. These land use rights are with lease terms of 30 to 50 years.

(iv) These leases mainly expiring from 5 to 10 years from inception, and some of them include an option to renew when all terms are renegotiated. None of the leases includes variable lease payments.

(v) Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(c) and 22, respectively.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Assets leased out under operating leases

The analysis of the carrying amounts of the Group' property, plant and equipment leased out under operating leases is as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Buildings and properties	**4,049**	3,906
Motor vehicles and other equipment	**87**	461
	4,136	4,367

The Group leases out a number of properties (buildings and land-use-rights) and motor vehicles and other equipment under operating leases. The leases typically run for an initial period of 1 to 10 years, with options to renew the leases at which time all terms are renegotiated. None of the leases includes contingent rentals.

The undiscounted total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**1,848**	1,859
After 1 year but within 5 years	**2,856**	4,019
After 5 years	**3,399**	4,205
	8,103	10,083

12 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January and 31 December 2020	4,840
Accumulated amortisation:	
At 1 January 2020	2,474
Charge for the year	167
At 31 December 2020	2,641
Carrying amount:	
At 31 December 2020	2,199
Cost:	
At 1 January and 31 December 2021	4,840
Accumulated amortisation:	
At 1 January 2021	2,641
Charge for the year	164
At 31 December 2021	2,805
Carrying amount:	
At 31 December 2021	2,035

All of the investment properties are located in the PRC.

The total future undiscounted minimum lease payments receivable by the Group under non-cancellable operating leases is receivable as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**392**	100
After 1 year but within 5 years	**274**	288
After 5 years	**206**	288
	872	676

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

			Percentage of ownership interest			
Name of company	Place and date of establishment/ incorporation	Particulars of registered/ issued and paid-up capital	The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Dandong Kuandian Petroleum Company Limited ("Dandong Kuandian") (丹東寬甸石油有限公司) *(Note (i))*	The PRC 17 August 1981	RMB30,000,000	55%	–	55%	Sale of refined oil by operating refuelling stations and petroleum storage facility
Liaoning Oilfield Resource Products Distribution Company Limited ("Liaoning Oilfield") (遼寧油田物資產品經銷有限公司) *(Note (i))*	The PRC 8 December 1998	RMB30,000,000	55%	–	55%	Sale of refined oil by operating refuelling stations and petroleum storage facility
Jilin Dongkun Gas Company Limited (吉林東昆燃氣有限公司) *(Note (i))*	The PRC 30 September 1999	RMB18,728,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Jilin Chinese Petroleum Clean Energy Environmental Protection Company Limited ("Jilin Clean Energy") (吉林中油潔能環保有限責任公司) *(Note (i))*	The PRC 19 September 2001	RMB8,000,000	51%	–	51%	Sale of natural gas to vehicular end-users by operating refuelling stations
Shenyang United Strength Investment Management Company Limited ("Shenyang Management") (瀋陽眾誠投資管理有限公司) *(Note (i))*	The PRC 19 July 2004	RMB10,300,000	78%	–	78%	Sale of refined oil by operating refuelling stations
Jilin Province Jieli Logistics Company Limited (吉林省捷利物流有限公司) *(Note (i))*	The PRC 21 April 2005	RMB5,800,000	100%	–	100%	Provision of transportation services
Changchun Sinogas Company Ltd. (長春中油潔能燃氣有限公司) *(Note (ii))*	The PRC 18 July 2005	RMB20,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Wuchang City Qinglian Gas Company Limited (五常市慶聯燃氣有限公司) *(Note (i))*	The PRC 18 April 2006	RMB3,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Longjing United Strength Energy Development Company Limited (龍井眾誠能源發展有限公司) *(Note (i))*	The PRC 16 July 2007	RMB20,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES (continued)

			Percentage of ownership interest			
Name of company	Place and date of establishment/ incorporation	Particulars of registered/ issued and paid-up capital	The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Yanbian United Strength Energy Technology Development Company Limited ("Yanbian United Strength") (延邊眾誠能源技術開發有限公司) *(Note (i))*	The PRC 14 July 2008	RMB500,000	60%	–	60%	Development of energy technology
Baishan United Strength Taixing Power Company Limited (白山眾誠泰興能源有限公司) *(Note (i))*	The PRC 26 May 2010	RMB500,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Dandong United Strength Vessel Petroleum Company Limited ("Dandong Vessel") (丹東眾誠船舶燃油有限公司) *(Note (i))*	The PRC 8 June 2010	RMB15,000,000	55%	–	55%	Sale of refined oil by operating refuelling stations
Liaoyuan City Hengtai Clean Energy Company Limited (遼源市恒泰清潔能源有限公司) *(Note (i))*	The PRC 12 August 2010	RMB5,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Jilin Province Haotuo Petroleum Development and Usage Company Limited (吉林省昊拓石油開發利用有限公司) *(Note (i))*	The PRC 1 December 2010	RMB5,000,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Wuchang United Strength Chengxi Petroleum Company Limited (五常眾誠城西石油有限公司) *(Note (i))*	The PRC 28 July 2011	RMB500,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Meihekou City Yujia Petrochemical Company Limited (梅河口市譽嘉石化有限公司) *(Note (i))*	The PRC 27 December 2011	RMB10,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Yanbian Xinyuan Natural Gas Sales Company Limited (延邊鑫源天然氣銷售有限公司) *(Note (i))*	The PRC 29 May 2013	RMB5,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Shenyang Xinxin Transportation Company Limited ("Shenyang Xinxin") (瀋陽欣鑫運輸有限公司) *(Note (i))*	The PRC 12 June 2014	RMB2,000,000	100%	–	100%	Provision of transportation services
Yanbian Jieli Logistics Company Limited (延邊捷利物流有限公司) *(Note (i))*	The PRC 13 April 2018	RMB50,000,000	100%	–	100%	Provision of transportation services
Sino Regent International Limited ("Sino Regent") *(Note (iii))*	Hong Kong 18 September 2018	1 share	51%	–	100%	Investment holding

Notes to the Financial Statements (continued)

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13 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment/ incorporation	Particulars of registered/ issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Percentage of ownership interest: Held by the Company	Percentage of ownership interest: Held by subsidiaries	Principal activities
New United Strength (長春眾誠能源有限公司) *(Note (ii))*	The PRC 6 November 2018	RMB10,000,000	100%	–	100%	Investment holding
Eternal Global *(Note (iii))*	The British Virgin Islands 8 November 2018	USD10,000	100%	100%	–	Investment holding
Dongfeng United Strength Business Management Company Limited (東豐縣眾誠企業管理有限公司) *(Note (i))*	The PRC 27 May 2021	RMB500,000	100%	–	100%	Sale of refined oil by operating refuelling stations

Notes:

(i) The official names of these entities are in Chinese. The English translation of the names are for identification purpose only. These companies are limited liability companies established in the PRC.

(ii) The official names of these entities are in Chinese. The English translation of the names are for identification purpose only. These companies are wholly foreign owned enterprises established in the PRC.

(iii) These companies are limited liability companies incorporated outside of the PRC.

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(Expressed in RMB unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES (continued)

The following table lists out the combined financial information relating to subsidiaries of the Group with material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
NCI percentage:		
– Sino Regent	**49%**	49%
– Liaoning Oilfield	**45%**	45%
– Dandong Kuandian	**45%**	45%
Non-current assets	**66,620**	74,041
Current assets	**254,266**	236,332
Current liabilities	**207,978**	204,560
Non-current liabilities	**56,174**	62,001
Net assets	**56,734**	43,812
Net assets attributable to NCI	**25,329**	19,565

	2021 RMB'000	2020 RMB'000
Revenue	**2,750,391**	1,585,472
Profit and total comprehensive income for the year	**12,603**	1,723
Profit and total comprehensive income attributable to NCI	**5,764**	715

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

14 INTEREST IN A JOINT VENTURE

Details of the Group's interest in a joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

			Proportion of ownership interest			
Name of joint venture	Place of establishment and business	Particulars of registered and paid-up capital	The Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
China Travel Service International Financial Leasing Company Limited ("CTS Financial Leasing") (中旅融資租賃有限公司) *	The PRC	RMB181,100,000	30%	–	30%	Provision of financial leasing services

* *The official name of this entity is in Chinese. The English translation of the name is for identification purpose only. This company is a limited liability company established in the PRC.*

CTS Financial Leasing is an unlisted corporate entity whose quoted market price is not available.

Summarised financial information of CTS Financial Leasing, including fair value adjustments and any differences with the Group's accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, is disclosed below:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Gross amounts of CTS Financial Leasing's		
Non-current assets	**209,561**	256,561
Current assets	**196,853**	255,063
Current liabilities	**(46,151)**	(98,216)
Non-current liabilities	**(114,004)**	(163,315)
Equity	**246,259**	250,093
Included in the above assets and liabilities:		
Cash and cash equivalents	**83,739**	62,428
Non-current bank and other loans	**102,384**	144,895

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

14 INTEREST IN A JOINT VENTURE (continued)

	2021 RMB'000	2020 RMB'000
Revenue	**25,086**	37,640
Net profit	**3,343**	7,617

	2021 RMB'000	2020 RMB'000
Carrying amount of interest in a joint venture		
At 1 January	**75,028**	77,556
Share of profits of the joint venture	**1,003**	2,285
Effect of exchange differences	**(2,153)**	(4,813)
At 31 December	**73,878**	75,028

15 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Refined oil	**75,454**	108,232
Gases	**724**	831
Spare parts	**3,847**	2,913
	80,025	111,976

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss during the year is as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount of inventories sold	**5,198,011**	2,993,538

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

16 TRADE AND BILLS RECEIVABLES

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables, net of loss allowance, due from:		
– related parties	–	270
– third parties	35,270	26,408
	35,270	26,678
Bills receivables	3,076	12,570
	38,346	39,248

All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.

(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 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	34,392	14,209
1 to 3 months	2,507	10,190
3 to 6 months	1,127	4,299
Over 6 months	320	10,550
	38,346	39,248

Further details on the Group's credit policy and credit risk are set out in Note 25(a).

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Prepayments for purchase of inventories and services from *(Note (i))*:		
– related parties	**95,574**	15,593
– third parties	**482,671**	211,807
	578,245	227,400
Deposits to suppliers	**6,689**	5,638
Advances to staff	**2,696**	1,361
VAT recoverable	**5,611**	18,169
Others	**7,399**	4,391
	600,640	256,959

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year.

Note:

(i) During the fourth quarter of 2021, the management of the Group consider the increasing price trend of crude oil would likely to continue in 2022. In a view to minimise the effect of rising crude oil prices have on the Group's operations, the Group has entered into purchase contracts with and made advance payments to various suppliers to secure supply of refined oil at predetermined prices. Up to the date of the issuance of these financial statements, the Group has received substantially all of the refined oil in connection with the balance of prepayments for purchase of refined oil as at 31 December 2021.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand comprise:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Cash at bank and on hand	**53,574**	111,617
Pledged and restricted bank deposits *(Note (i))*	**48,200**	27,000
Cash at bank and on hand in the consolidated statement of financial position	**101,774**	138,617
Less: pledged and restricted bank deposits	**(48,200)**	(27,000)
Cash and cash equivalents in the consolidated cash flow statement	**53,574**	111,617

Notes:

(i) *The balances were pledged for bank and other loans of and bills issued by the Group (see Note 19(d)).*

(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.*

18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities from financing activities are liabilities for which cash flow were, or future cash flow will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other loans RMB'000 *(Note 19)*	Interest payable RMB'000 *(Note 21)*	Dividends payable RMB'000 *(Note 21)*	Lease liabilities RMB'000 *(Note 22)*	Amounts due to related parties RMB'000 *(Note 21)*	Total RMB'000
At 1 January 2021	242,056	–	–	362,232	51,984	656,272
Changes from financing cash flows:						
Proceeds from bank and other loans	204,000	–	–	–	–	204,000
Repayment of bank and other loans	(192,978)	–	–	–	–	(192,978)
Capital element of lease rentals paid	–	–	–	(10,920)	–	(10,920)
Interest element of lease rentals paid	–	–	–	(4,445)	–	(4,445)
Dividends paid to equity shareholders of the Company	–	–	(16,832)	–	–	(16,832)
Repayment of advances from a related party *(Note 27(a))*	–	–	–	–	(51,984)	(51,984)
Interest paid	–	(12,934)	–	–	–	(12,934)
Total changes from financing cash flows	11,022	(12,934)	(16,832)	(15,365)	(51,984)	(86,093)
Other changes:						
Net increase in lease liabilities during the year	–	–	–	55,555	–	55,555
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	–	–	16,832	–	–	16,832
Finance costs *(Note 6(a))*	–	12,934	–	28,968	–	41,902
Total other changes	–	12,934	16,832	84,523	–	114,289
At 31 December 2021	253,078	–	–	431,390	–	684,468

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other loans RMB'000 *(Note 19)*	Interest payable RMB'000 *(Note 21)*	Dividends payable RMB'000 *(Note 21)*	Lease liabilities RMB'000 *(Note 22)*	Amounts due to related parties RMB'000 *(Note 21)*	Total RMB'000
At 1 January 2020	164,325	–	–	95,949	218,501	478,775
Changes from financing cash flows:						
Proceeds from bank and other loans	220,910	–	–	–	–	220,910
Repayment of bank and other loans	(143,179)	–	–	–	–	(143,179)
Capital element of lease rentals paid	–	–	–	(10,013)	–	(10,013)
Interest element of lease rentals paid	–	–	–	(4,409)	–	(4,409)
Dividends paid to equity shareholders of the Company	–	–	(17,855)	–	–	(17,855)
Distributions paid to non-controlling equity owners of a subsidiary	–	–	(274)	–	–	(274)
Net decrease in amounts due to related parties	–	–	–	–	(155,591)	(155,591)
Interest paid	–	(14,202)	–	–	–	(14,202)
Total changes from financing cash flows	77,731	(14,202)	(18,129)	(14,422)	(155,591)	(124,613)
Other changes:						
Net increase in lease liabilities during the year	–	–	–	308,276	–	308,276
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	–	–	17,855	–	–	17,855
Distributions declared by a subsidiary	–	–	274	–	–	274
Finance costs *(Note 6(a))*	–	14,202	–	12,652	–	26,854
Deemed distribution of the results of the Entrusted Petroleum Refuelling Stations and Storage Facilities prior to the completion of the Acquisition	–	–	–	–	(61,037)	(61,037)
Deemed distribution of the assets and liabilities of the Entrusted Petroleum Refuelling Stations and Storage Facilities on completion of the Acquisition	–	–	–	(40,223)	50,111	9,888
Total other changes	–	14,202	18,129	280,705	(10,926)	302,110
At 31 December 2020	242,056	–	–	362,232	51,984	656,272

18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION (continued)

(c) Total cash outflows for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2021 RMB'000	2020 RMB'000
Within operating cash flows		
– Lease rentals paid	**6,344**	252
Within investing cash flows		
– Payments for purchase of land-use-rights	**6,459**	–
Within financing cash flows		
– Lease rentals paid	**15,365**	14,422
	28,168	14,674

19 BANK AND OTHER LOANS

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

	At 31 December 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	**103,000**	87,000
Secured by trade and bills receivables of the Group	**50,000**	10,000
Guaranteed by a subsidiary	**2,000**	2,000
Guaranteed by a third party	**49,000**	49,000
	204,000	148,000
Add: current portion of long-term bank and other loans *(Note 19(b))*	**3,453**	44,978
	207,453	192,978

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

19 BANK AND OTHER LOANS (continued)

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Bank and other loans:		
Secured by property, plant and equipment of the Group *(Note 19(d))*	**2,078**	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	**47,000**	49,000
	49,078	94,056
Less: current portion of long-term bank and other loans *(Note 19(a))*	**(3,453)**	(44,978)
	45,625	49,078

(c) The Group's long-term bank and other loans are repayable as follow:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**3,453**	44,978
After 1 year but within 2 years	**45,625**	3,453
After 2 years but within 5 years	**–**	45,625
	49,078	94,056

19 BANK AND OTHER LOANS (continued)

(d) Certain of the Group's bank and other loans and banking facilities are secured by the following assets of the Group:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Property, plant and equipment	**9,201**	11,779
Restricted bank deposits *(Note 18(a))*	**48,200**	27,000
	57,401	38,779

(e) At 31 December 2021, bank loans and bank acceptance bills facilities of the Group amounted to RMB128,000,000 (2020: RMB127,000,000), and were utilised to the extent of RMB128,000,000 (2020: RMB127,000,000). These facilities are secured by the Group's property, plant and equipment and/or guaranteed by Mr. Zhao Jinmin and his spouse.

(f) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 25(b). At 31 December 2021, none of the covenants relating to the bank loans had been breached (2020: None).

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

20 TRADE AND BILLS PAYABLES

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables due to:		
– related parties	114	10,088
– third parties	68,833	20,051
	68,947	30,139
Bills payables due to:		
– related parties	–	30,000
– third parties	45,000	30,000
	45,000	60,000
	113,947	90,139

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

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 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	33,703	30,139
1 to 3 months	63,465	30,000
Over 3 months	16,779	30,000
	113,947	90,139

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

21 ACCRUED EXPENSES, OTHER PAYABLES AND CONTRACT LIABILITIES

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Payables for staff related costs	**11,873**	6,971
Deposits from customers	**1,692**	1,445
Payables for acquisitions of property, plant and equipment	**4,578**	897
Other taxes payables	**3,545**	3,191
Amounts due to related parties *(Note (i))*	**–**	51,984
Payables to co-operative refuelling stations *(Note (ii))*	**38,001**	–
Others	**19,447**	11,005
Financial liabilities measured at amortised cost	**79,136**	75,493
Contract liabilities – receipts in advance in connection with wholesale of refined oil due to:		
– related parties	**1,194**	–
– third parties	**79,589**	83,883
	80,783	83,883
Contract liabilities – vehicular end-users' prepaid cards for consumption at refuelling stations	**93,735**	99,108
	174,518	182,991
	253,654	258,484

All of the accrued expenses and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

Notes:

(i) The amounts due to related parties were unsecured, non-interest bearing and had no fixed terms of repayment.

(ii) The Group's vehicular end-users can purchase prepaid cards issued by the Group at the Group's refuelling stations. Under co-operation arrangements entered into between the Group and other small-size refuelling stations at surrounding areas in which the Group operates ("Co-operative Refuelling Stations"), the Group's vehicular end-users can use these prepaid cards at these Co-operative Refuelling Stations for the consumption of refined oil and natural gas. The Group will make periodic settlements with these Co-operative Refuelling Stations.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

22 LEASE LIABILITIES

At 31 December 2021, the Group's lease liabilities are repayable as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	**124,389**	50,711
After 1 year but within 2 years	**65,326**	53,516
After 2 years but within 5 years	**141,846**	123,504
After 5 years	**99,829**	134,501
	307,001	311,521
	431,390	362,232
Lease liabilities due to:		
– related parties	**341,317**	317,816
– third parties	**90,073**	44,416
	431,390	362,232

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Movements of current taxation in the consolidated statement of financial position are as follows:

	2021 RMB'000	2020 RMB'000
Income tax payable at 1 January, net	**25,295**	11,324
Provision for the year *(Note 7(a))*	**71,014**	49,061
Income tax paid	**(61,742)**	(35,090)
Income tax payable at 31 December, net	**34,567**	25,295
Representing:		
Income tax payable	**38,149**	28,763
Income tax recoverable	**(3,582)**	(3,468)
	34,567	25,295

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Assets				Liabilities		
	Unused tax losses RMB'000	Credit loss allowance RMB'000	Impairment loss on property, plant and equipment RMB'000	Depreciation and finance costs arising from capitalisation of leases RMB'000	Fair value adjustments on property, plant and equipment and subsequent depreciation RMB'000	Retained profits to be distributed RMB'000	Net RMB'000
At 1 January 2020	1,732	1,592	94	680	(3,513)	(1,750)	(1,165)
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	2,365	(484)	–	867	112	(250)	2,610
Derecognition of assets of the Entrusted Petroleum Refuelling Stations and Storage Facilities	–	(4)	–	–	–	–	(4)
At 31 December 2020	4,097	1,104	94	1,547	(3,401)	(2,000)	1,441
At 1 January 2021	**4,097**	**1,104**	**94**	**1,547**	**(3,401)**	**(2,000)**	**1,441**
(Charged)/credited to the consolidated statement of profit or loss *(Note 7(a))*	**(1,408)**	**(1,014)**	**–**	**2,624**	**112**	**500**	**814**
At 31 December 2021	**2,689**	**90**	**94**	**4,171**	**(3,289)**	**(1,500)**	**2,255**

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised (continued)

Reconciliation of deferred tax assets and liabilities recognised in the consolidated statement of financial position:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**7,751**	7,793
Deferred tax liabilities recognised in the consolidated statement of financial position	**(5,496)**	(6,352)
	2,255	1,441

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses and certain deductible temporary differences of RMB10,323,000 (2020: RMB7,554,000) as it is not probable that future taxable profits against which the losses or the temporary differences can be utilised will be available in the relevant tax jurisdiction and entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can only be carried forward for five years.

(d) Deferred tax liabilities not recognised

At 31 December 2021, taxable temporary differences relating to the undistributed profits of the subsidiaries of the Group established in the PRC amounted to RMB328,786,000 (2020: RMB212,468,000), where deferred tax liabilities in respect of the PRC withholding tax that would be payable on the distributions of these profits for the year ended 31 December 2021 have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000 *(Note 24(c))*	Share premium RMB'000 *(Note 24(d)(i))*	Exchange reserve RMB'000 *(Note 24(d)(iv))*	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 January 2020	19,794	102,572	8,605	(38,701)	92,270
Changes in equity for 2020:					
Profit for the year	–	–	–	4,837	4,837
Other comprehensive income for the year	–	–	(43,645)	–	(43,645)
Total comprehensive income	–	–	(43,645)	4,837	(38,808)
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	–	(17,855)	–	–	(17,855)
Issuance of shares in connection with the Acquisition	8,928	464,251	–	–	473,179
Issuance of shares by placing	3,571	170,523	–	–	174,094
	12,499	616,919	–	–	629,418
At 31 December 2020 and 1 January 2021	**32,293**	**719,491**	**(35,040)**	**(33,864)**	**682,880**
Changes in equity for 2021:					
Profit for the year	**–**	**–**	**–**	**53,114**	**53,114**
Other comprehensive income for the year	**–**	**–**	**(19,401)**	**–**	**(19,401)**
Total comprehensive income	**–**	**–**	**(19,401)**	**53,114**	**33,713**
Dividends approved in respect of the previous year *(Note 24(b)(ii))*	**–**	**–**	**–**	**(16,832)**	**(16,832)**
At 31 December 2021	**32,293**	**719,491**	**(54,441)**	**2,418**	**699,761**

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

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

	2021 RMB'000	2020 RMB'000
Final dividend proposed after the end of the reporting period of HK\$0.0267 per ordinary share (2020: HK\$0.0534 per ordinary share)	8,176	16,832

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.0534 per ordinary share (2020: HK\$0.0853 per ordinary share)	16,832	17,855

24 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

	2021		2020	
	No. of shares '000	HK$'000	No. of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	800,000	80,000	800,000	80,000

	2021		2020	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	374,502	32,293	234,502	19,794
Issuance of shares in connection with the Acquisition	–	–	100,000	8,928
Issuance of shares by placing	–	–	40,000	3,571
At 31 December	374,502	32,293	374,502	32,293

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 34 of 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.

(ii) Other reserve

The balance of other reserve at the end of each reporting period represented the aggregate of the differences between the considerations paid and net assets acquired from business combinations under common control, acquisitions of non-controlling interests, the reorganisation took place prior to the listing of the Company's shares on the Stock Exchange, and/or the difference between the consideration and the net assets of the Entrusted Petroleum Refuelling Stations and Storage Facilities deemed to be distributed by the Group upon the completion of the Acquisition.

(iii) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company's subsidiaries established in the PRC (excluding Hong Kong) required to transfer 10% of their net profits (if any) to the statutory reserve until the reserve reaches 50% of the respective registered capital of these subsidiaries. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increase paid-up capital of the respective subsidiaries and is non-distributable other than in liquidation.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables are limited because the counterparties are banks and financial institutions with high credit standings, which the Group considers to represent low credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer or debtor rather than the industry in which the customers or debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers or debtors. At 31 December 2021, 26% (2020: 20%) and 32% (2020: 39%) of the trade receivables were due from the Group's largest debtor and the five largest debtors, respectively.

Individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates. 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. Normally, the Group does not obtain collateral from customers.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables (continued)

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2021:

	At 31 December 2021		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**1.0%**	**34,739**	**347**
1 month past due	**3.0%**	**905**	**27**
		35,644	**374**

	At 31 December 2020		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.0%	13,736	137
1 month past due	3.0%	6,295	188
1 to 3 months past due	17.7%	6,655	1,180
3 to 6 months past due	58.9%	3,640	2,143
More than 6 months past due	100.0%	801	801
		31,127	4,449

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	4,449	6,368
Impairment gain during the year	(4,075)	(1,919)
Balance at 31 December	374	4,449

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay:

	2021 Contractual undiscounted cash outflow						2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank and other loans	214,392	46,497	–	–	260,889	253,078	200,748	6,689	46,505	–	253,942	242,056
Trade and bills payables	133,947	–	–	–	113,947	113,947	90,139	–	–	–	90,139	90,139
Accrued expenses and other payables measured at amortised cost	79,136	–	–	–	79,136	79,136	75,493	–	–	–	75,493	75,493
Lease liabilities	133,188	74,924	185,832	188,709	582,653	431,390	52,072	59,217	158,555	229,444	499,288	362,232
	540,663	121,421	185,832	188,709	1,036,625	877,551	418,452	65,906	205,060	229,444	918,862	769,920

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

Interest rate risk profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest bearing bank borrowings and lease liabilities. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Fixed rate borrowings:		
Bank and other loans	**253,078**	242,056
Lease liabilities	**431,390**	362,232
	684,468	604,288

(d) 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 at 31 December 2021 and 2020.

Notes to the Financial Statements (continued)

(Expressed in RMB unless otherwise indicated)

26 COMMITMENTS

Capital commitments outstanding at 31 December 2021 not provided for in the consolidated financial statements were as follows:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Commitments in respect of acquisitions of property, plant and equipment:		
– Contracted for	–	4,979
– Authorised but not contracted for	4,612	21,194
	4,612	26,173

27 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the material related party transactions entered into by the Group during the year are set out below.

(a) Transactions with the equity shareholders of the Company, companies controlled by the equity shareholders of the Company and their close family members

	2021 RMB'000	2020 RMB'000
Sales of goods	48,847	82,126
Provision of transportation services	15,558	15,991
Purchases of goods	1,144,997	235,939
Rental income from operating leases	515	517
Operating lease charges (recognised as depreciation and interest expenses from right-of-use assets under IFRS 16)	46,532	15,569
Operating lease charges	1,962	–
Service fee paid for other services received	629	1,209
Repayments of loans to related parties	–	(30,000)
Net decrease in amounts due to related parties	51,984	166,517
Guarantees received for the Group's bank and other loans at the end of the reporting period *(Note 19(b))*	20,000	118,592
Guarantees received for the Group's banking facilities at the end of the reporting period *(Note 19(e))*	30,000	–

27 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees of the Group as disclosed in Note 9, is as follows:

	2021 **RMB'000**	2020 RMB'000
Short-term employee benefits	**4,862**	4,696
Contributions to defined contribution retirement plans	**94**	108
	4,956	4,804

Total remuneration is included in "staff costs" in Note 6(b).

(c) Applicability of the Listing Rules relating to connected transactions

Certain related party transactions included in Note 27(a) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section Connected Transactions of the Directors' Report or those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

28 COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2021 RMB'000**	31 December 2020 RMB'000
Non-current assets			
Interests in subsidiaries	*13*	**656,649**	682,768
Right-of-use assets		**5,092**	526
		661,741	683,294
Current assets			
Dividends receivable		**28,500**	–
Cash and cash equivalents		**14,593**	41,453
		43,093	41,453
Current liabilities			
Other payables		**9**	9
Lease liabilities		**2,368**	266
		2,377	275
Net current assets		**40,716**	41,178
Total assets less current liabilities		**702,457**	724,472
Non-current liabilities			
Bank loans		**–**	41,592
Lease liabilities		**2,696**	–
		2,696	41,592
NET ASSETS		**699,761**	682,880
CAPITAL AND RESERVES	*24*		
Share capital		**32,293**	32,293
Reserves		**667,468**	650,587
TOTAL EQUITY		**699,761**	682,880

Approved and authorised for issue by the board of directors on 30 March 2022.

Zhao Jinmin
Chairman

Liu Yingwu
Director

29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Proposed final dividend

On 30 March 2022, the directors of the Company proposed a final dividend. Further details are disclosed in Note 24(b).

(b) Impacts from Covid-19 pandemic and heightened geopolitical tensions

The Covid-19 pandemic since early 2020 and the heightened geopolitical tensions arising from recent events continues to bring uncertainties to the Group's operating environment and may impact the Group's operations and financial position.

Despite of the gradual easing of the original Covid-19 pandemic in Mainland China, various travel restrictions and preventive measures are still in place to avoid wide-spread of the Covid-19 variants. In addition, the heightened geopolitical tensions arising from recent events across the globe brings additional uncertainties to world economies as these events developed. Accordingly, the Group continues to closely monitor these possible impacts have on the Group's businesses and keep contingency measures in place and under review. 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 related preventive measures and heightened geopolitical tensions 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.

30 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year.

(Expressed in RMB unless otherwise indicated)

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding company and ultimate controlling party of the Company at 31 December 2021 to be Golden Truth Holdings Limited, which is incorporated in the British Virgin Islands, and Mr. Zhao Jinmin, respectively. Golden Truth Holdings Limited does not produce financial statements available for public use.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of sales between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the year ended 31 December 2021 is extracted from the financial statements in this annual report.

RESULTS

	2021 RMB'000	2020 RMB'000	2019 RMB'000 Restated	2018 RMB'000	2017 RMB'000 Restated
Revenue	**5,830,081**	3,481,322	3,953,293	348,166	256,147
Profit before taxation	**252,124**	170,814	191,534	58,493	23,354
Income tax	**(70,200)**	(46,451)	(53,097)	(14,946)	(12,739)
Profit for the year	**181,924**	124,363	138,437	43,547	10,615
Attributable to:					
Equity shareholders of the Company	**176,620**	123,283	135,645	42,971	9,525
Non-controlling interests	**5,304**	1,080	2,792	576	1,090
Profit for the year	**181,924**	124,363	138,437	43,547	10,615

ASSETS AND LIABILITIES

	2021 RMB'000	2020 RMB'000	2019 RMB'000 Restated	2018 RMB'000	2017 RMB'000 Restated
Total assets	**1,544,375**	1,273,135	1,056,037	323,322	300,550
Total liabilities	**1,095,714**	988,026	784,111	67,854	70,142
	448,661	285,109	271,926	255,468	230,408
Total equity attributable to					
Equity shareholders of the Company	**411,804**	253,605	241,305	248,820	223,871
Non-controlling interests	**36,857**	31,504	30,621	6,648	6,537
	448,661	285,109	271,926	255,468	230,408