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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 4% to RMB6,089.4 million (2021: approximately RMB5,830.1 million).
- Profit attributable to equity shareholders of the Company decreased by approximately 91% to RMB16.5 million (2021: approximately RMB176.6 million).
- Basic earnings per share amounted to RMB0.04 (2021: RMB0.47).

THE FINANCIAL STATEMENTS

The board (the "**Board**") of directors (the "**Directors**") of United Strength Power Holdings Limited (the "**Company**"), together with its subsidiaries (collectively, the "**Group**"), hereby announces the audited consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for 2021 as follows:

Consolidated statement of profit or loss
For the year ended 31 December 2022
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*3*	**6,089,366**	5,830,081
Cost of sales		**(5,696,264)**	(5,217,357)
Gross profit	*3(b)*	**393,102**	612,724
Other income	*4*	**6,514**	12,161
Staff costs	*5(b)*	**(154,857)**	(161,686)
Depreciation expenses	*5(c)*	**(77,471)**	(75,767)
Impairment (loss)/gain on trade receivables		**(2,170)**	4,075
Other operating expenses		**(78,162)**	(98,484)
Profit from operations		**86,956**	293,023
Share of results and impairment loss of a joint venture		**(13,816)**	1,003
Finance costs	*5(a)*	**(36,268)**	(41,902)
Profit before taxation	*5*	**36,872**	252,124
Income tax	*6*	**(17,921)**	(70,200)
Profit for the year		**18,951**	181,924
Attributable to:			
Equity shareholders of the Company		**16,530**	176,620
Non-controlling interests		**2,421**	5,304
Profit for the year		**18,951**	181,924
Earnings per share			
– Basic and diluted *(RMB)*	*7*	**0.04**	0.47

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022
(Expressed in RMB)

	2022 *RMB'000*	2021 *RMB'000*
Profit for the year	**18,951**	181,924
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	**8,279**	(1,540)
Total comprehensive income for the year	**27,230**	180,384
Attributable to:		
Equity shareholders of the Company	**25,056**	175,031
Non-controlling interests	**2,174**	5,353
Total comprehensive income for the year	**27,230**	180,384

Consolidated statement of financial position
At 31 December 2022
(Expressed in RMB)

	Note	**At 31 December 2022** ***RMB'000***	At 31 December 2021 *RMB'000*
Non-current assets			
Property, plant and equipment		**537,767**	636,344
Investment properties		**1,872**	2,035
Interest in a joint venture		**66,911**	73,878
Deferred tax assets		**15,907**	7,751
		622,457	720,008
Current assets			
Inventories		**136,267**	80,025
Trade and bills receivables	*8*	**67,991**	38,346
Prepayments, deposits and other receivables	*9*	**586,312**	600,640
Income tax recoverable		**3,780**	3,582
Cash at bank and on hand		**138,647**	101,774
		932,997	824,367
Current liabilities			
Bank and other loans		**298,925**	207,453
Trade and bills payables	*10*	**63,901**	113,947
Accrued expenses, other payables and contract liabilities	*11*	**358,615**	253,654
Lease liabilities	*12*	**87,229**	124,389
Income tax payable		**10,300**	38,149
		818,970	737,592
Net current assets		**114,027**	86,775
Total assets less current liabilities		**736,484**	806,783

Consolidated statement of financial position *(continued)*
At 31 December 2022
(Expressed in RMB)

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current liabilities			
Bank and other loans		**–**	45,625
Lease liabilities	*12*	**264,732**	307,001
Deferred tax liabilities		**4,128**	5,496
		268,860	358,122
NET ASSETS		**467,624**	448,661
CAPITAL AND RESERVES			
Share capital		**32,293**	32,293
Reserves		**396,391**	379,511
Total equity attributable to equity shareholders of the Company		**428,684**	411,804
Non-controlling interests		**38,940**	36,857
TOTAL EQUITY		**467,624**	448,661

Notes

(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**").

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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 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.

(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 IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets, Onerous contracts – cost of fulfilling a contract*

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.

3. 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 3(b).

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

	2022	2021
	RMB'000	*RMB'000*
Sales of refined oil and natural gas	**6,031,596**	5,774,576
Revenue from the provision of transportation services	**57,722**	54,353
Revenue from the trading of compressed natural gas ("**CNG**") and liquefied petroleum gas ("**LPG**")	**48**	1,152
	6,089,366	5,830,081

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(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 2022 (2021: Nil).

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.

(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 CNG, LPG and liquefied natural gas ("**LNG**") to vehicular end-users by operating refuelling stations, and trading of LPG and CNG; 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 (loss)/gain on trade receivables, other operating expenses and share of results and impairment loss of a joint venture, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

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

	2022			
	Sale of refined oil	**Sale of natural gas**	**Provision of transportation services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Disaggregated by timing of revenue recognition:				
– Point in time	**5,819,473**	**212,171**	**–**	**6,031,644**
– Over time	**–**	**–**	**57,722**	**57,722**
Revenue from external customers	**5,819,473**	**212,171**	**57,722**	**6,089,366**
Inter-segment revenue	**22,294**	**55**	**50,405**	**72,754**
Reportable segment revenue	**5,841,767**	**212,226**	**108,127**	**6,162,120**
Reportable segment gross profit	**298,175**	**35,036**	**59,891**	**393,102**

	2021			
	Sale of refined oil	Sale of natural gas	Provision of transportation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*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

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

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**6,162,120**	5,906,455
Elimination of inter-segment revenue	**(72,754)**	(76,374)
Consolidated revenue *(Note 3(a))*	**6,089,366**	5,830,081
Profit		
Reportable segment gross profit	**393,102**	612,724
Other income	**6,514**	12,161
Staff costs	**(154,857)**	(161,686)
Depreciation expenses	**(77,471)**	(75,767)
Impairment (loss)/gain on trade receivables	**(2,170)**	4,075
Other operating expenses	**(78,162)**	(98,484)
Share of results and impairment loss of a joint venture	**(13,816)**	1,003
Finance costs	**(36,268)**	(41,902)
Consolidated profit before taxation	**36,872**	252,124

(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.

4. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Government grants	**2,345**	–
Rental income from operating leases	**2,900**	2,863
Interest income	**657**	413
Net (loss)/gain on disposal of property, plant and equipment	**(97)**	1,181
Net foreign exchange gain/(loss)	**2**	(132)
Reversal of other receivable previously written-off	**–**	7,590
Others	**707**	246
	6,514	12,161

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2022	2021
	RMB'000	*RMB'000*
Interest expenses on:		
– bank and other loans	**9,490**	12,934
– lease liabilities	**26,778**	28,968
	36,268	41,902

No borrowing costs have been capitalised during the year ended 31 December 2022 (2021: RMBNil).

(b) Staff costs:

	2022	2021
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**140,015**	149,863
Contributions to defined contribution retirement plans	**14,842**	11,823
	154,857	161,686

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.

(c) Other items:

	2022	2021
	RMB'000	*RMB'000*
Depreciation expenses:		
– owned property, plant and equipment	**28,721**	27,370
– right-of-use assets	**48,587**	48,233
– investment properties	**163**	164
	77,471	75,767
Operating lease charges relating to short-term leases and leases of low-value-assets	**1,679**	6,344
Auditors' remuneration – audit services	**5,800**	6,200
Cost of inventories	**5,670,377**	5,198,011

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Current taxation		
Provision for the year	**27,445**	71,014
Deferred taxation		
Origination and reversal of temporary differences	**(9,524)**	(814)
	17,921	70,200

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2022 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB16,530,000 (2021: RMB176,620,000) and the weighted average of 374,502,000 (2021: 374,502,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

There were no potential dilutive ordinary shares during the years ended 31 December 2022 and 2021.

8. TRADE AND BILLS RECEIVABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Trade receivables, net of loss allowance, due from:		
– related parties	**16**	–
– third parties	**67,975**	35,270
	67,991	35,270
Bills receivables	**–**	3,076
	67,991	38,346

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 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Within 1 month	**50,870**	34,392
1 to 3 months	**14,479**	2,507
3 to 6 months	**1,885**	1,127
Over 6 months	**757**	320
	67,991	38,346

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Prepayments for purchase of inventories from *(Note (i))*:		
– related parties	**215,806**	95,574
– third parties	**336,892**	482,671
	552,698	578,245
Deposits to suppliers	**5,941**	6,689
Advances to staff	**2,227**	2,696
VAT recoverable	**13,819**	5,611
Others	**11,627**	7,399
Financial assets measured at amortised cost	**33,614**	22,395
	586,312	600,640

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

Note:

(i) In a view to minimising the effect of possible rising crude oil prices and shortage of crude oil 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 this announcement, 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 2022.

10. TRADE AND BILLS PAYABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Trade payables due to:		
– related parties	**5,433**	114
– third parties	**3,468**	68,833
	8,901	68,947
Bills payables	**55,000**	45,000
	63,901	113,947

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 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Within 1 month	**8,901**	33,703
1 to 3 months	**30,000**	63,465
Over 3 months	**25,000**	16,779
	63,901	113,947

11. ACCRUED EXPENSES, OTHER PAYABLES AND CONTRACT LIABILITIES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Payables for staff related costs	**9,308**	11,873
Deposits from customers	**1,316**	1,692
Payables for acquisitions of property, plant and equipment	**4,428**	4,578
Other taxes payables	**2,862**	3,545
Payables to co-operative refuelling stations *(Note (i))*	**61,140**	38,001
Others	**29,638**	19,447
Financial liabilities measured at amortised cost	**108,692**	79,136
Contract liabilities – receipts in advance in connection with wholesale of refined oil due to:		
– related parties	**8,732**	1,194
– third parties	**137,056**	79,589
	145,788	80,783
Contract liabilities – vehicular end-users' prepaid cards for consumption at refuelling stations	**104,135**	93,735
	249,923	174,518
	358,615	253,654

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

Note:

(i) 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.

12. LEASE LIABILITIES

At 31 December 2022, the Group's lease liabilities are repayable as follows:

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Within 1 year	**87,229**	124,389
After 1 year but within 2 years	**32,985**	65,326
After 2 years but within 5 years	**118,259**	141,846
After 5 years	**113,488**	99,829
	264,732	307,001
	351,961	431,390
Lease liabilities due to:		
– related parties	**302,620**	341,317
– third parties	**49,341**	90,073
	351,961	431,390

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, through the acquisition of the entire issued share capital of Eternal Global Investments 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 entrustment fee under the Entrusted Management Agreement is for a period of ten years.

13. DIVIDENDS

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

	2022 *RMB'000*	2021 *RMB'000*
Final dividend proposed after the end of the reporting period of HK$Nil per ordinary share (2021: HK$0.0267 per ordinary share)	**–**	8,176

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

	2022 *RMB'000*	2021 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.0267 per ordinary share (2021: HK$0.0534 per ordinary share)	**8,176**	16,832

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

In 2022, the global natural gas supply and demand pattern changed dramatically and the domestic natural gas market faced critical challenges. On the supply side, the domestic natural gas market faced pressure in response to a significant reduction in Russian pipeline gas production and a significant increase in US LNG exports to the European Union and the United Kingdom. All together led to a sharp rise in gas prices in the international natural gas market, and a noticeable decline in domestic LNG imports. According to the latest data from the General Administration of Customs, the total volume of domestic LNG imports from January to October 2022 declined to 50.51 million tonnes, a decrease of 22.8% year-on-year, while the impact of slowing economic growth and uncertainty about economic recovery combined with rising prices concurrently suppressed public demand for natural gas consumption. According to the latest data from the National Development and Reform Commission ("**NDRC**"), the apparent consumption of natural gas fell to 299.93 billion cubic metres from January to October 2022, a decline of 1.1% year-on-year. This to some extent affected the Group's business growth as it operated in the region with the highest natural gas consumption in China.

Meanwhile, domestic oil consumption also came under pressure. In 2022, international oil prices remained at high levels, with Brent and WTI crude oil prices averaging US$99.04 and US$94.30 per barrel respectively, representing an increase of approximately 39.6% and 38.5%. During the same year, the outbreak of the Russia-Ukraine conflict and the Fed's aggressive interest rate hike, which triggered fears of an economic recession, contributed to the increase in international oil prices. The unit price of domestic crude oil imports rose from US$573 per tonne in January to a high of US$808 per tonne in July, an increase of 41.1% over the six-month period, and remained at a higher level throughout the balance of the 2022. The epidemic also had an overall negative impact on the demand for crude oil in China in 2022, with consumption down 0.8% year-on-year for the ten months ended in October.

To achieve carbon peaking and carbon neutrality goals, the country actively drives the development of clean energy industry while promotes emission reduction in traditional industries. Encouraged by the national energy structure adjustment policies, the sales of new-energy vehicles surged significantly with its market penetration gradually increased. From January to July 2022, sales of new-energy vehicles accounted for 22% of total vehicle sales. In August, the Ministry of Industry and Information Technology (MIIT), the NDRC and the Ministry of Ecology and Environment (MOE) jointly released the Implementation Plan for the Industrial Sector Carbon Summit, which set the goal for the proportion of new-energy and clean-energy vehicles to reach approximately 40% by the year of 2030. Overall, the replacement of gasoline vehicles with new-energy vehicles has accelerated, which also has contributed to the slowdown in the growth of oil and gas consumption.

"The 14th Five-Year Plan" has clearly defined the domestic energy structure and accelerated its development towards a low-carbon direction, reshaping the supply and consumption pattern of natural gas and oil in Jilin Province. In November, the National Energy Administration convened a press conference to explain the "Action Plan to Enhance Carbon Neutral Standardisation of Energy Peaking" for the fourth quarter of 2022, followed by the introduction of peaking implementation plans in various provinces and regions. In response, Jilin Energy Bureau and Jilin Department of Ecology and Environment issued the 14th Five-Year Plan for the Development of New and Renewable Energy in Jilin Province and the Implementation Plan for the Synergy and Efficiency of Pollution Reduction and Carbon Reduction in Jilin Province, as well as other plans related to renewable energy and carbon reduction.

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 87 refuelling stations in Northeastern China as at 31 December 2022. 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 2022:

City, Province	Gas refuelling stations	Petroleum refuelling stations	Mixed (gas and petroleum) refuelling stations	Total number of stations
Changchun City, Jilin Province	4	21	7	32
Jilin City, Jilin Province	2	6	–	8
Liaoyuan City, Jilin Province	–	4	1	5
Helong City, Jilin Province	1	–	–	1
Yanji City, Jilin Province	4	–	–	4
Wangqing, Jilin Province	1	–	–	1
Meihekou, Jilin Province	1	1	–	2
Antu, Jilin Province	1	–	–	1
Longjing, Jilin Province	–	–	1	1
Hunchun, Jilin Province	–	1	–	1
Baicheng, Jilin Province	1	2	–	3
Songyuan, Jilin Province	1	1	–	2
Siping City, Jilin Province	1	–	–	1
Baishan City, Jilin Province	–	1	–	1
Total station(s) in Jilin Province	**17**	**37**	**9**	**63**
Wuchang City, Heilongjiang Province	1	1	–	2
Total station(s) in Heilongjiang Province	**1**	**1**	**–**	**2**
Dandong City, Liaoning Province	–	14	1	15
Benxi City, Liaoning Province	–	1	–	1
Anshan City, Liaoning Province	–	5	–	5
Dalian City, Liaoning Province	–	1	–	1
Total station(s) in Liaoning Province	**–**	**21**	**1**	**22**
Total:	**18**	**59**	**10**	**87**

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 2022, 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 2022, the Group recorded sales of refined oil income of approximately RMB5,819.5 million, representing a year-on-year increase of approximately 5% and accounted for approximately 96% of the total revenue of the same year. During the year, the sales volume of refined oil reached approximately 725 thousand tonnes (2021: approximately 836 thousand tonnes), representing a decrease of approximately 13% as compared with last year. The decrease in sales volume was mainly due to the decrease in market demand of petroleum products due to the interruption of economic activities in Northeastern China brought by COVID-19 pandemic in particular, the Omicron variant during 2022.

Sales of natural gas business

The sales of natural gas are mainly conducted by our gas refuelling stations in China. For 2022, the Group recorded the sales of natural gas income of RMB212.2 million, representing a year-on-year decrease of 10% and accounted for 3% of the total revenue of the same year. During the year, the sales volume of CNG reached 45.6 million cubic meters (2021: 57.7 million cubic meters), representing a decrease of 21% as compared with last year. Similar to refined oil business, the decrease in sales volume was mainly due to the decrease in market demand of petroleum products due to the interruption of economic activities in Northeastern China brought by COVID-19 pandemic in particular, the Omicron variant during 2022.

Provision of transportation services

The provision of transportation services are conducted by Jieli Logistics. For 2022, the Group recorded the transportation income of RMB57.7 million (2021: RMB54.4 million), representing a year-on-year increase of 6% 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 41 locomotives, 42 trailers and 38 head-mounted integrated vehicles (for petroleum transport), as well as 28 locomotives and 54 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 2022, the Group's revenue amounted to RMB6,089.4 million, representing an increase of RMB259.3 million or 4% from RMB5,830.1 million in 2021. The increase in revenue was mainly attributable to the increase in the average selling price of the Company's wholesale and retail petroleum products during 2022.

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 2022, the Group's cost of sales increased by 9% to RMB5,696.3 million from RMB5,217.4 million in 2021 due to the increase in total purchase of the products as a result of the increase in unit cost of procurement of the Company's products during 2022.

The gross profit for 2022 was RMB393.1 million (2021: RMB612.7 million), with a gross profit margin of 6% (2021: 11%). The decrease in gross profit margin was mainly attributable to i) the increase in the unit cost of procurement of the Company's products and ii) 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 2022. The decrease in gross profit was mainly attributable to the decrease in the sales volume and gross profit margin of the Company's products compared with that of the previous year.

Impairment (Loss)/Gain on Trade Receivables

Impairment loss on trade receivables was for the trade receivables for which impairment loss was provided in 2022. For 2022, impairment loss on trade receivables amounted to approximately RMB2.2 million (2021: impairment gain on trade receivables of approximately RMB4.1 million).

Other Income

Other income mainly comprises rental income, government grant and interest income. For 2022, other income amounted to RMB6.5 million, representing a decrease of RMB5.7 million from RMB12.2 million in 2021. The decrease in other income was mainly attributable to no 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 2022.

Staff Costs

Staff costs mainly consisted of salaries, wages and other benefits and defined contributions retirement plan. For 2022, staff costs amounted to RMB154.9 million, representing a decrease of RMB6.8 million from RMB161.7 million in 2021. The decrease in staff costs was principally attributable to the decrease in number of staff and average salary payable for staff during 2022.

Other Operating Expenses and Finance Costs

Other operating expenses, including utilities expenses related to gas and oil refuelling stations, repair and maintenance expenses related to refuelling stations, professional fees and other general office expenses, decreased from RMB98.5 million to RMB78.2 million. The decrease was mainly attributable to the decrease in operating activities of the Company during the outbreak of COVID-19, in particular the Omicron variant, in Northeastern China during 2022.

For 2022, the finance costs amounted to approximately RMB36.3 million (2021: approximately RMB41.9 million). The decrease in finance costs was mainly attributable to the decrease in interest expenses on lease liabilities as a result of entering into the Entrusted Management Agreement in August 2020.

Share of results and impairment Loss 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 Group recognised an impairment loss on CTS Financial Leasing in the amount of approximately RMB14.1 million, net of the share of profit amounted to approximately RMB0.2 million for 2022.

Profit before Tax

As a result of the foregoing factors, the profit before tax for 2022 decreased by RMB215.2 million, constituting a profit before tax of RMB36.9 million (2021: RMB252.1 million).

Income Tax Expenses

In 2022, income tax expenses decreased by RMB52.3 million, or 75%, to RMB17.9 million from RMB70.2 million in 2021. Such decrease was mainly due to lower profit before taxation recorded during 2022.

Profit for the Year

For 2022, the net profit of the Group amounted to RMB19.0 million, representing a decrease of RMB162.9 million from RMB181.9 million in 2021.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the year ended 31 December 2022. Total assets increased by 1% to RMB1,555.5 million (31 December 2021: RMB1,544.4 million) while total equity increased by 4% to RMB467.6 million (31 December 2021: RMB448.7 million).

Bank Balances and Cash

As at 31 December 2022, the Group's bank balances and cash amounted to RMB138.6 million (31 December 2021: RMB101.8 million).

Capital Expenditure

Capital expenditure to owned property, plant and equipment for the year ended 31 December 2022 amounted to RMB12.0 million and our Group's capital commitments as at 31 December 2022 amounted to RMB11.6 million. Both the capital expenditure and capital commitments are mainly related to the purchases of plant and equipment. 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 2022 and 2021 are summarised below:

	As at 31 December			
	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Short-term borrowings	**298,925**	**100**	207,453	82
Long-term borrowings	**–**	**–**	45,625	18
Currency denomination – RMB	**298,925**	**100**	253,078	100
Borrowings – secured	**298,925**	**100**	253,078	100
Interest rate structure – fixed-rate borrowings	**298,925**	**100**	253,078	100
Interest rate – fixed-rate borrowings	3.7%- 7.5%		4.3%- 7.5%	

As at 31 December 2022, the Group's gearing ratio was 70% (31 December 2021: 71%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2022 and 2021 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$'000*	**Revised allocation (as of 30 March 2022)** *HK$'000*	**Utilization as at date of this announcement** *HK$'000*	**Remaining balance as at date of this announcement** *HK$'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	5,800	–	–
General working capital	5,800	5,800	5,800	–	–
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	65,600	50,000	

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 2022, the aggregate carrying amount of the property, plant and equipment of the Group of RMB34.9 million were pledged for the Group's bank and other loans and bank acceptance bills facilities. At 31 December 2022, bank loans and bank acceptance bills facilities of the Group amounted to RMB150,000,000, and were utilised to the extent of RMB144,950,000. In addition, the Group's bank loan of RMB20.0 million and bank acceptance bills facilities of RMB30.0 million were 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 announcement and as at 31 December 2022, the Board is not aware of any material contingent liabilities (2021: Nil).

Human Resources

As at 31 December 2022, the Group had 1,620 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 2022, 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 announcement, the Group had no significant investment, material acquisitions or disposals for the year ended 31 December 2022.

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 NDRC, 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

The epidemic outbreaks and recovery, China-US diplomatic relations and the Russia-Ukraine conflict have been the main variables affecting public consumption of oil and gas since 2022. With the easing of the epidemic, improving pandemic control measures and the implementation of economic growth policies, the resumption of production is rapidly taking place across China and the travel-related consumption is also recovering. According to the Economic and Technical Research Institute of the China National Petroleum Corporation, domestic oil demand is expected to recover significantly starting the second quarter of 2023. According to the "Analysis of Natural Gas Consumption Trends in China's 14th Five-Year Plan", consumption in all provinces will continue to increase during the 14th Five-Year Plan period, with Jilin Province's natural gas consumption growth rate reaching 9.8%, with a total consumption of 22.3 billion cubic metres.

To solve the problem of uneven gas demand across the country, the NDRC, the Ministry of Finance and five other departments jointly issued the "Implementation Opinions on Accelerating the Construction of Natural Gas Reserves" in the first half of 2022, which put forward relevant policies and measures regarding various aspects such as planning layout, operation mode, institutional mechanism, and policy support to ease the unbalanced demand of gas-consumption across the country. The "Gasification Jilin" project of the Jilin Provincial Government has played a positive role in promoting the construction of natural gas reserves, and the oil and gas pipeline network of the province's "two horizontal, three vertical and one center" has also improved the interconnection and allocation of resources. Supported by policy and infrastructure, as a leading operator of automotive natural gas refuelling stations in Jilin Province, the Group still enjoys a clear regional competitive advantage.

In March 2022, the NDRC and the National Energy Administration (NEA) jointly published the 14th Five-Year Plan for a Modern Energy System, which clearly defines the state's role in supporting energy supply and price stability. The 14th Five-Year Plan calls for strengthening fossil energy production and reserve mechanisms to ensure stable energy supply. It proves that the role of oil and natural gas plays in energy consumption remains important and difficult to be replaced in a relative long term.

In December 2022, the EU's US$60 per barrel price cap on Russian crude oil came into force, and in the same month the OPEC announced that it would continue to cut production by 2 million barrels per day from November 2022 to December 2023. International oil prices fell after these two significant factors were introduced into the international oil market. On 9 December 2022, the price of Brent crude oil was US$76.10 per barrel, down 11.07% on the previous week, while the price of WTI crude oil was US$71.02 per barrel, down 11.20% on the previous week. In terms of natural gas, the global natural gas supply and demand structure is facing an adjustment, and according to the IEA, global natural gas production in 2023 will decline by 0.49% year-on-year, and global natural gas consumption demand will decline by 0.78% year-on-year.

To ensure stable supply and prices and enhance energy security, China has been actively improving its oil and gas resources exploration and reserve capacity and reducing reliance on external oil and gas resources. In December of 2022, the Central Economic Work Conference proposed to further strengthen domestic exploration and reserves of energy and mineral resources in 2023, with the aim of accelerating the planning and construction of a new energy system, thereby enhancing the national strategic material reserve capacity. Looking ahead to 2023, the oil and gas crisis will recede, supply and demand conflicts in the international market will improve, global natural gas prices will decline, and price fluctuations will be reduced. The central bank's announcement of an interest rate cut has resulted in a positive signal of recovered demand. As the economy gradually stabilised and recovered, consumption of natural gas and refined oil products will rebound.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: HK$0.0267 per ordinary share).

Annual General Meeting and Closure of Register of Members

The annual general meeting of the Company is scheduled to be held on 20 June 2023. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from Thursday, 15 June 2023 to Tuesday, 20 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 14 June 2023.

Corporate Governance

The Company has complied with all of the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules during 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 and the extraordinary general meeting of the Company that was held in Hong Kong on 10 June 2022 and 19 December 2022 respectively due to their commitments outside Hong Kong.

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

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

Audit Committee

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed auditing, risk management and internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2022, together with the management.

Model Code of Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. The Company, having made specific enquiry with all Directors, confirms that its Directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Sufficiency of Public Float

Since the date of listing of the Company on the Stock Exchange and up to the date of this announcement, the Company has maintained a sufficient public float.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the Laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

Scope of Work of the Auditor

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditor, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's auditor on the preliminary announcement.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.united-strength.com). The annual report for the financial year ended 31 December 2022 of the Company will be dispatched to the Company's shareholders and published on the aforesaid websites in due course.

Appreciation

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

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

Hong Kong, 31 March 2023

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