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 2024

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 5% to RMB7,724.3 million (2023: approximately RMB7,346.9 million).
- Profit attributable to equity shareholders of the Company increased by approximately 72% to RMB67.8 million (2023: approximately RMB39.5 million).
- Basic earnings per share amounted to RMB0.18 (2023: RMB0.11).
- The Board proposed a final dividend of HK$15.0 million for the year ended 31 December 2024. Shareholders will receive a dividend of HK$0.04 per ordinary share.

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 2024, together with the comparative figures for 2023 as follows:

Consolidated statement of profit or loss
For the year ended 31 December 2024
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*3*	**7,724,326**	7,346,895
Cost of sales		**(7,284,476)**	(6,924,632)
Gross profit	*3(b)*	**439,850**	422,263
Other income	*4*	**5,353**	10,053
Staff costs	*5(b)*	**(159,090)**	(158,532)
Depreciation expenses	*5(c)*	**(62,798)**	(71,702)
Impairment (loss)/reversal on trade receivables		**(1,835)**	2,147
Other operating expenses		**(98,630)**	(90,631)
Profit from operations		**122,850**	113,598
Share of results and impairment loss of an associate		**1,201**	(15,135)
Finance costs	*5(a)*	**(29,738)**	(34,390)
Profit before taxation	*5*	**94,313**	64,073
Income tax	*6*	**(23,657)**	(20,769)
Profit for the year		**70,656**	43,304
Attributable to:			
Equity shareholders of the Company		**67,791**	39,489
Non-controlling interests		**2,865**	3,815
Profit for the year		**70,656**	43,304
Earnings per share			
– Basic and diluted *(RMB)*	*7*	**0.18**	0.11

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024
(Expressed in RMB)

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**70,656**	43,304
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	**651**	1,284
Total comprehensive income for the year	**71,307**	44,588
Attributable to:		
Equity shareholders of the Company	**68,513**	40,819
Non-controlling interests	**2,794**	3,769
Total comprehensive income for the year	**71,307**	44,588

Consolidated statement of financial position
At 31 December 2024
(Expressed in RMB)

	Note	**At 31 December 2024** ***RMB'000***	At 31 December 2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**427,782**	488,498
Investment properties		**1,581**	1,711
Interest in an associate		**54,545**	52,185
Deferred tax assets		**59,651**	39,237
		543,559	581,631
Current assets			
Inventories		**140,362**	185,439
Trade and bills receivables	*8*	**95,630**	34,258
Prepayments, deposits and other receivables	*9*	**933,224**	948,828
Income tax recoverable		**5,880**	7,573
Cash at bank and on hand		**158,628**	156,867
		1,333,724	1,332,965
Current liabilities			
Bank and other loans		**445,175**	351,778
Trade and bills payables	*10*	**2,748**	27,160
Accrued expenses, other payables and contract liabilities	*11*	**549,717**	665,671
Lease liabilities	*12*	**87,357**	82,317
Income tax payable		**16,026**	13,768
		1,101,023	1,140,694
Net current assets		**232,701**	192,271
Total assets less current liabilities		**776,260**	773,902

Consolidated statement of financial position *(continued)*
At 31 December 2024
(Expressed in RMB)

	Note	**At 31 December 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Non-current liabilities			
Bank and other loans		**47,840**	42,000
Lease liabilities	*12*	**177,538**	216,328
Deferred tax liabilities		**2,927**	3,467
		228,305	261,795
NET ASSETS		**547,955**	512,107
CAPITAL AND RESERVES			
Share capital		**32,293**	32,293
Reserves		**478,378**	437,210
Total equity attributable to equity shareholders of the Company		**510,671**	469,503
Non-controlling interests		**37,284**	42,604
TOTAL EQUITY		**547,955**	512,107

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 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as 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**"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards 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 2024 comprise the Group and the Group's interest in an associate.

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

The preparation of financial statements in conformity with IFRS Accounting Standards 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 IFRS Accounting Standards as issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to IFRS 16, *Leases – lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on the Group's financial statements. 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:

	2024	2023
	RMB'000	*RMB'000*
Sales of refined oil and natural gas	**7,635,274**	7,264,316
Revenue from the provision of transportation services	**75,212**	67,693
Revenue from the provision of franchising services	**11,159**	14,581
Revenue from the trading of compressed natural gas ("**CNG**") and liquefied petroleum gas ("**LPG**")	**2,681**	305
	7,724,326	7,346,895

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 2024 (2023: 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, and sales of refined oil to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities;

– 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 gain/(loss) on trade receivables, other operating expenses and share of results and impairment loss of an associate, 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 recognised at a point in time, 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.

	2024			
	Sale of refined oil *RMB'000*	**Sale of natural gas** *RMB'000*	**Provision of transportation services** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**7,395,690**	**253,424**	**75,212**	**7,724,326**
Inter-segment revenue	**29,514**	**–**	**47,426**	**76,940**
Reportable segment revenue	**7,425,204**	**253,424**	**122,638**	**7,801,266**
Reportable segment gross profit	**300,359**	**77,167**	**62,324**	**439,850**

	2023			
	Sale of refined oil	Sale of natural gas	Provision of transportation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	7,011,213	267,989	67,693	7,346,895
Inter-segment revenue	29,889	–	59,617	89,506
Reportable segment revenue	7,041,102	267,989	127,310	7,436,401
Reportable segment gross profit	284,672	59,886	77,705	422,263

(ii) *Reconciliation of reportable segment revenue and profit or loss*

	2024	2023
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**7,801,266**	7,436,401
Elimination of inter-segment revenue	**(76,940)**	(89,506)
Consolidated revenue *(Note 3(a))*	**7,724,326**	7,346,895
Profit		
Reportable segment gross profit	**439,850**	422,263
Other income	**5,353**	10,053
Staff costs	**(159,090)**	(158,532)
Depreciation expenses	**(62,798)**	(71,702)
Impairment (loss)/reversal on trade receivables	**(1,835)**	2,147
Other operating expenses	**(98,630)**	(90,631)
Share of results and impairment loss of an associate	**1,201**	(15,135)
Finance costs	**(29,738)**	(34,390)
Consolidated profit before taxation	**94,313**	64,073

(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 associate is in the PRC.

4. OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Government grants	**472**	1,863
Rental income from operating leases	**3,580**	4,432
Interest income	**1,020**	1,190
Net gain on disposal of subsidiaries	**–**	1,300
Net (loss)/gain on disposal of property, plant and equipment	**(774)**	164
Others	**1,055**	1,104
	5,353	10,053

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on:		
– bank and other loans	**10,576**	12,228
– lease liabilities	**19,162**	22,162
	29,738	34,390

No borrowing costs have been capitalised during the year ended 31 December 2024 (2023: RMBNil).

(b) Staff costs:

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**141,131**	141,726
Contributions to defined contribution retirement plans	**17,959**	16,806
	159,090	158,532

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 16% 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 obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items:

	2024	2023
	RMB'000	*RMB'000*
Depreciation expenses:		
– owned property, plant and equipment	**22,552**	27,106
– right-of-use assets	**40,116**	44,435
– investment properties	**130**	161
	62,798	71,702
Operating lease charges relating to short-term leases and leases of low-value-assets	**4,433**	2,428
Auditors' remuneration – audit services	**5,800**	5,800
Cost of inventories	**7,271,588**	6,904,915

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

	2024	2023
	RMB'000	*RMB'000*
Current taxation		
Provision for the year	**44,611**	44,760
Deferred taxation		
Origination and reversal of temporary differences	**(20,954)**	(23,991)
	23,657	20,769

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit attributable to ordinary equity shareholders of the Company of RMB67,791,000 (2023: RMB39,489,000) and the weighted average of 374,502,000 (2023: 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 2024 and 2023.

8. TRADE AND BILLS RECEIVABLES

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade receivables, net of loss allowance, due from:		
– related parties	**67**	1,548
– third parties	**29,563**	32,710
	29,630	34,258
Bills receivable	**66,000**	–
	95,630	34,258

All of the trade 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 receivables, based on the invoice date and net of loss allowance, is as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**25,115**	33,643
1 to 3 months	**3,006**	552
3 to 6 months	**1,509**	63
	29,630	34,258

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Prepayments for purchase of inventories from:		
– related parties	**630,468**	386,291
– third parties	**255,985**	523,741
	886,453	910,032
Deposits to suppliers	**3,817**	5,179
Advances to staff	**717**	977
VAT recoverable	**8,730**	22,133
Amount due from non-controlling equity holders of subsidiaries	**24,054**	–
Others	**9,453**	10,507
Financial assets measured at amortised cost	**46,771**	38,796
	933,224	948,828

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

10. TRADE AND BILLS PAYABLES

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables due to:		
– third parties	**2,748**	7,160
	2,748	7,160
Bills payable	**–**	20,000
	2,748	27,160

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 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**2,738**	6,730
1 to 3 months	**–**	420
Over 3 months	**10**	20,010
	2,748	27,160

11. ACCRUED EXPENSES, OTHER PAYABLES AND CONTRACT LIABILITIES

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Payables for staff related costs	**6,345**	7,027
Deposits from customers	**2,143**	1,532
Payables for acquisitions of property, plant and equipment	**2,977**	2,652
Other taxes payables	**6,642**	3,862
Amount due to a related party *(Note (i))*	**125,965**	348,438
Payables to co-operative refuelling stations *(Note (ii))*	**28,691**	25,889
Dividends payable *(Note (iii))*	**8,100**	–
Others	**19,716**	18,981
Financial liabilities measured at amortised cost	**200,579**	408,381
Contract liabilities – receipts in advance in connection with wholesale of refined oil due to:		
– related parties	**102,085**	7,516
– third parties	**138,068**	135,409
	240,153	142,925
Contract liabilities – vehicular end-users' prepaid cards for consumption at refuelling stations	**108,985**	114,365
	349,138	257,290
	549,717	665,671

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) Changchun Yitonghe Petroleum Distribution Company Limited ("**Changchun Yitonghe**") settled payments to suppliers on behalf of the Group. These payments were in relation to purchase of refined oil for operation of petroleum refuelling stations and petroleum storage facilities, which are owned by Changchun Yitonghe and operated by the Group according to the Entrusted Management Agreement. During the year ended 31 December 2024, the payments, in aggregated amounted to RMB2,680,520,000 (2023: RMB1,817,175,000), including payments by bank acceptance notes of RMB1,875,000,000 (2023: RMB1,095,110,000) issued by Changchun Yitonghe. As at 31 December 2024, RMB125,965,000 (31 December 2023: RMB348,438,000) was outstanding and subject to repayment by the Group to Changchun Yitonghe.

(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 in surrounding areas where 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.

(iii) The amounts represented dividends payable to non-controlling equity holders of a subsidiary which were settled subsequently.

12. LEASE LIABILITIES

At 31 December 2024, the Group's lease liabilities are repayable as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**87,357**	82,317
After 1 year but within 2 years	**34,201**	38,782
After 2 years but within 5 years	**114,238**	108,123
After 5 years	**29,099**	69,423
	177,538	216,328
	264,895	298,645
Lease liabilities due to:		
– related parties	**245,640**	273,082
– third parties	**19,255**	25,563
	264,895	298,645

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 (the "**Acquisition**"). On Completion Date and as part of the Acquisition, entrusted agreements (the "**Entrusted Management Agreement**") were also entered into between New United Strength, a wholly owned subsidiary of Eternal Global, and 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, equipment, licences and designated bank accounts 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. The Entrusted Management Agreement and related entrustment fees are accounted for as leases in accordance to the accounting policies. Under the Entrusted Management Agreement, the Group has been granted priority renewal right under the same conditions when the Entrusted Management Agreement matures in August 2030.

13. DIVIDENDS

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

	2024	2023
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.04 per ordinary share (2023: HK$Nil per ordinary share)	**13,872**	–

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) The directors of the Company did not recommend the payment of a final dividend in respect of the previous financial year during the year ended 31 December 2024 (2023: RMBNil).

(iii) Special dividend to equity shareholders of the Company approved and paid during the year

	2024	2023
	RMB'000	*RMB'000*
Special dividend approved during the year, of HK$0.08 per ordinary share	**27,345**	–

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY REVIEW

In 2024, the global economy experienced a slow recovery. Influenced by economic growth, extreme weather conditions driving increased energy consumption and supply increments, the growth rate of natural gas consumption rebounded. The Asia-Pacific region, led by China, emerged as a primary growth driver for global natural gas consumption. In 2024, global natural gas prices remained low, accompanied by slow recovery in consumption demand, a decrease in the growth rate of global natural gas production, and the impact of instability from geopolitical conflicts. Natural gas prices fluctuated during the Reporting Period, starting low and then rising. During the Reporting Period, natural gas production in the United States approached historical highs, Europe continued to extend measures to reduce natural gas demand, and overall inventories in major natural gas supply and demand regions globally remained relatively high.

China's economy maintained overall stability, with steady progress and a solid push towards high-quality development. The National Bureau of Statistics announced that China's gross domestic product (GDP) reached RMB135 trillion for the first time in 2024, representing a year-on-year increase of 5%. As China's economy continues to grow and urbanization accelerates, the consumption of natural gas in industrial, power generation, transportation, and civil sectors is on the rise, reflecting the steady advancement of China's energy policy adjustments, which has also led to a dual increase in both supply and demand within the domestic natural gas market. According to the National Bureau of Statistics, China recorded steady increase in natural gas production in 2024. In particular, the natural gas production of industrial enterprises with an annual turnover of over a certain threshold reached 246.4 billion cubic meters, representing a year-on-year increase of 6.2%, and natural gas imports amounted to 131.69 million tons, representing a year-on-year increase of 9.9%. For demand side, the national apparent natural gas consumption recorded 426.05 billion cubic meters in 2024, representing an increase of 8% year-on-year.

For automobile market, benefiting from the high level of attention and policy support from the government for the efficient utilization of natural gas and the impact of LNG prices, China's natural gas heavy trucks saw a significant increase in cumulative sales in 2024. According to the data from cvworld.cn, from January to December 2024, domestic terminal sales of natural gas heavy trucks amounted to 178 thousand units, up 17% year-on-year. According to statistical analysis data released by the China Association of Automobile Manufacturers, in 2024, China's automobile production and sales reached 31.282 million vehicles and 31.436 million vehicles, respectively, representing a year-on-year increase of 3.7% and 4.5%, respectively. At the same time, in 2024, new energy vehicles maintained rapid growth, with both production and sales volumes and market penetration rates hitting record highs. Driven by multiple factors such as policy support and technological advancements, the annual production of new energy vehicles exceeded 10 million vehicles for the first time, accounting for approximately 70% of total production of global market. According to data released by the China Association of Automobile Manufacturers, the annual production and sales volume of new energy vehicles in 2024 reached 12.888 million and 12.866 million respectively, up 34.4% and 35.5% year-on-year respectively. The sales volume of new energy vehicles reached 40.9% of the total sales volume of new vehicles in China, marking an increase of 9.3 percentage points from 2023.

In the oil market, influenced by the trends in the world economy and a significant slowdown in oil demand growth, international oil prices fluctuated downward in 2024, with limited support from geopolitical factors. Affected by China's upgrade in energy consumption and the continued implementation of clean energy policies, China's demand for oil showed signs of deceleration. According to data from the National Bureau of Statistics, the crude oil production of industrial enterprises with an annual turnover of over a certain threshold reached 212.82 million tons in 2024, representing a year-on-year increase of 1.8%. Crude oil imports amounted to 553.42 million tons, representing a year-on-year decrease of 1.9%. The crude oil processing volume of industrial enterprises with an annual turnover of over a certain threshold amounted to 708.43 million tons, representing a year-on-year decrease of 1.6%.

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 77 refuelling stations in Northeastern China as at 31 December 2024. 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 2024:

City, Province	**Gas refuelling stations**	**Petroleum refuelling stations**	**Mixed (gas and petroleum) refuelling stations**	**Total number of stations**
Changchun City, Jilin Province	4	20	7	31
Jilin City, Jilin Province	2	4	–	6
Liaoyuan City, Jilin Province	–	1	1	2
Yanji City, Jilin Province	4	–	–	4
Meihekou, Jilin Province	1	1	–	2
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	–	2	–	2
Tonghua City, Jilin Province	–	1	–	1
Total station(s) in Jilin Province	**14**	**33**	**9**	**56**

City, Province	Gas refuelling stations	Petroleum refuelling stations	Mixed (gas and petroleum) refuelling stations	Total number of stations
Wuchang City, Heilongjiang Province	1	–	–	1
Total station(s) in Heilongjiang Province	**1**	**–**	**–**	**1**
Dandong City, Liaoning Province	–	12	1	13
Benxi City, Liaoning Province	–	1	–	1
Anshan City, Liaoning Province	–	5	–	5
Dalian City, Liaoning Province	–	1	–	1
Total station(s) in Liaoning Province	**–**	**19**	**1**	**20**
Total:	**15**	**52**	**10**	**77**

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 2024, 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 2024, the Group recorded sales of refined oil income of approximately RMB7,395.7 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 1,028 thousand tonnes (2023: approximately 913 thousand tonnes), representing an increase of approximately 13% as compared with last year. The increase in sales volume was mainly due to the increase in market demand of petroleum products as a result of (i) the expansion of customer base of refined oil business; (ii) the distribution of consumption vouchers by local government; and (iii) the post-COVID normalization of economic activities in Northeastern China during 2024.

Sales of Natural Gas Business

The sales of natural gas are mainly conducted by our gas refuelling stations in China. For 2024, the Group recorded the sales of natural gas income of RMB253.4 million, representing a year-on-year decrease of 5% and accounted for 3% of the total revenue of the same year. During the year, the sales volume of CNG reached 47.1 million cubic meters (2023: 68.7 million cubic meters), representing a decrease of 31% as compared with last year. The decrease in sales of natural gas business was mainly due to the decrease in market demand for natural gas products as a result of more natural gas vehicle customers having shifted to use new energy vehicles during 2024.

Provision of Transportation Services

The provision of transportation services are conducted by Jieli Logistics. For 2024, the Group recorded the transportation income of RMB75.2 million (2023: RMB67.7 million), representing a year-on-year increase of 11% 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 48 locomotives, 49 trailers and 32 head-mounted integrated vehicles (for petroleum transport), as well as 27 locomotives, 31 trailers and 1 head-mounted integrated vehicles (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 2024, the Group's revenue amounted to RMB7,724.3 million, representing an increase of RMB377.4 million or 5% from RMB7,346.9 million in 2023. The increase in revenue was mainly attributable to the increase in the sales volume of the Company's wholesale and retail petroleum products during 2024.

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 2024, the Group's cost of sales increased by 5% to RMB7,284.5 million from RMB6,924.6 million in 2023 due to the increase in total purchase of the products as a result of the increase in the sales volume of the Company's products during 2024.

The gross profit for 2024 was RMB439.9 million (2023: RMB422.3 million), with a gross profit margin of 6% (2023: 6%). The gross profit margin remained stable during 2024. The increase in gross profit was mainly attributable to the increase in the sales volume of the Company's products compared with that of the previous year.

Impairment (Loss)/Reversal on Trade Receivables

Impairment loss on trade receivables was for the trade receivables for which impairment loss was provided in 2024. For 2024, impairment loss on trade receivables amounted to approximately RMB1.8 million (2023: impairment gain on trade receivables of approximately RMB2.1 million).

Other Income

Other income mainly comprises rental income, government grant and interest income. For 2024, other income amounted to RMB5.4 million, representing a decrease of RMB4.7 million from RMB10.1 million in 2023. The decrease in other income was mainly attributable to the decrease in subsidies granted by the PRC government to the Group during 2024.

Staff Costs

Staff costs mainly consisted of salaries, wages and other benefits and defined contributions retirement plan. For 2024, staff costs amounted to RMB159.1 million, representing an increase of RMB0.6 million from RMB158.5 million in 2023. The increase in staff costs was principally attributable to the increase in the contributions to the retirement benefit schemes of PRC for staff during 2024.

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, increased from RMB90.6 million to RMB98.6 million. The increase was mainly attributable to the increase in legal and professional fees and operating lease charges during 2024.

For 2024, the finance costs amounted to approximately RMB29.7 million (2023: approximately RMB34.4 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 of an Associate

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 RMB1.2 million for 2024.

Profit before Tax

As a result of the foregoing factors, the profit before tax for 2024 increased by RMB30.2 million, constituting a profit before tax of RMB94.3 million (2023: RMB64.1 million).

Income Tax Expenses

In 2024, income tax expenses increased by RMB2.9 million, or 14%, to RMB23.7 million from RMB20.8 million in 2023. Such increase was mainly due to higher profit before taxation recorded during 2024.

Profit for the Year

For 2024, the net profit of the Group amounted to RMB70.7 million, representing an increase of RMB27.4 million from RMB43.3 million in 2023.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the year ended 31 December 2024. Total assets remained stable and amounted to approximately RMB1,877.3 million (31 December 2023: RMB1,914.6 million) while total equity increased by 7% to RMB548.0 million (31 December 2023: RMB512.1 million).

Bank Balances and Cash

As at 31 December 2024, the Group's bank balances and cash amounted to RMB158.6 million (31 December 2023: RMB156.9 million).

Capital Expenditure

Capital expenditure to owned property, plant and equipment for the year ended 31 December 2024 amounted to RMB15.5 million and our Group's capital commitments as at 31 December 2024 amounted to RMB27.1 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.

Prepayment, Deposits and Other Receivables

Prepayment, deposits and other receivables amounted to approximately RMB933.2 million as at 31 December 2024 (31 December 2023: RMB948.8 million). The Group regularly monitors level of prepayment, deposits and other receivables with a view to ensuring the healthy liquidity position of the Group for its business operation. Amongst these prepayment, deposits and other receivables, during the Reporting Period, two subsidiaries of the Group, namely Liaoning Oilfield Resource Products Distribution Company Limited (遼寧油田物資產品經銷有限公司), and Dandong Kuandian Petroleum Company Limited (丹東市寬甸石油有限公司) (the "**Subsidiaries**") were imposed of payment of taxes and surcharges in connection with certain taxes chargeable to the Subsidiaries prior to their becoming the Group's subsidiaries (in August 2020) for the period between 2018 to 2020. While the Group has followed authorities' request to fulfill the payment obligations of such taxes and surcharges during the Reporting Period, the relevant equity holders of the Subsidiaries had repaid such amount to the Group as at of the date of this announcement.

Borrowings

The Group's borrowings as at 31 December 2024 and 2023 are summarised below:

	As at 31 December			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Short-term borrowings	**445,175**	**90**	351,778	89
Long-term borrowings	**47,840**	**10**	42,000	11
Currency denomination				
– RMB	**493,015**	**100**	393,778	100
Borrowings				
– secured	**490,015**	**99**	393,778	100
– unsecured	**3,000**	**1**	–	–
Interest rate structure				
– fixed-rate borrowings	**483,015**	**98**	383,778	97
– variable-rate borrowings	**10,000**	**2**	10,000	3
Interest rate				
– fixed-rate borrowings	**3.35%-7.2%**		3.45%-7.5%	
– variable-rate borrowings	**3.45%**		3.55%	

As at 31 December 2024, the Group's gearing ratio was 71% (31 December 2023: 73%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2024 and 2023 respectively.

Use of Proceeds and Change in 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. As disclosed in the announcement of the Company dated 27 March 2024, the Board has resolved to further relocate the proceeds that originally assigned for the expansion of petroleum and gas refuelling station network to the expansion of the logistics vehicles teams.

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$'000*	**Revised allocation (as of 27 March 2024)** *HK$'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	–	40,000	37,363	2,637	By the end of 2025
Expansion of the logistics vehicles teams	–	10,000	9,198	802	By the end of 2025
Total	115,600	115,600	112,161	3,439	

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 2024, the aggregate carrying amount of the property, plant and equipment and investment properties of the Group of RMB33.8 million were pledged for the Group's bank and other loans and bank acceptance bills facilities. At 31 December 2024, bank loans and bank acceptance bills facilities of the Group amounted to RMB286,000,000, and were utilised to the extent of RMB251,340,000. In addition, the Group's bank loan of RMB30 million and bank acceptance bills facilities of RMB30 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 2024, the Board is not aware of any material contingent liabilities (2023: Nil).

Human Resources

As at 31 December 2024, the Group had 1,375 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 2024, 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 2024.

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

Looking ahead to 2025, global policies are expected to continue in a cycle of monetary easing, which is conducive to a gradual economic recovery. However, adjustments in national policies, trade tensions, and geopolitical uncertainties add complexity and variability to economic development. According to the International Monetary Fund ("**IMF**"), emerging markets, driven by structural and demographic advantages, are expected to surpass the growth rates of developed economies, leading to greater divergence in global economic growth. Both the IMF and the World Bank generally predict that the global economic growth rate in 2025 will be around 2.7%, indicating that the economic recovery will still be relatively slow. Domestically, the Government Work Report released in March 2025 pointed out that China's GDP growth target for 2025 is around 5%, and a moderately loose monetary policy and a more proactive fiscal policy will be implemented. It is expected that the policy side will continue to provide support for the steady recovery of the economy.

In the oil and gas market, global oil demand is expected to rebound in 2025. According to a report released by the International Energy Agency (IEA) in March 2025, it is predicted that global oil demand growth will increase from 830,000 barrels per day in 2024 to slightly more than 1 million barrels per day in 2025, of which the Asian market led by China will contribute nearly 60% of global growth. From the supply side, OPEC+ plans to start unwinding voluntary production cuts in April and gradually increase oil production. At the same time, the IEA expects that the oil supply of non-OPEC+ countries led by the United States will increase by 1.5 million barrels per day in 2025. With weak global oil demand and oversupply, international oil prices are expected to face downward pressure in 2025.

The COP29 summit, which concluded at the end of 2024, highlighted the critical crossroads faced by the world's energy systems, with 2025 marking a pivotal year for energy transition. Natural gas is widely regarded as playing a bridging role in achieving carbon neutrality and carbon dioxide peaking. Against the backdrop of global carbon reduction efforts, the demand for natural gas is expected to continue growing. According to a report released by the IEA in January 2025, global natural gas demand is projected to grow by less than 2% in 2025, primarily driven by the Asian market, which accounts for more than half of the global growth in natural gas demand. Looking ahead to 2025, global natural gas supply is expected to maintain relatively stable growth, but consumption remains highly uncertain. Notably, the growth in China's natural gas consumption is likely to accelerate, as China's macroeconomic policies are expected to stimulate a faster economic recovery, thereby boosting natural gas consumption in the supply sector.

Amid the generally relaxed international oil and gas supply-demand landscape and the opportunities and challenges brought by this pivotal year of energy transition, the global oil and gas market will actively seek to balance energy supply with energy transition, continuing to move forward through transformation and challenges. Looking ahead to 2025, our Group will align with China's energy transition and the trend of coordinated development between traditional and renewable energy. We will continue to focus on strengthening the operation of petroleum refuelling stations and CNG refuelling stations, further optimize natural gas and oil distribution and transportation businesses, and actively explore directions for transformation and upgrading. Strategically, our Group will seek opportunities within the LPG industry chain to provide more diversified energy services. With the further penetration of new energy vehicles, our Group will also actively seize growth opportunities brought by the construction of gas stations and charging infrastructure for new energy vehicles, thereby broadening our revenue streams and delivering sustainable value returns to shareholders.

OTHER INFORMATION

Final Dividend

In acknowledging the continuous support from the Group's shareholders, the Board recommends the payment of a final dividend of HK$0.04 per ordinary share in respect of the year ended 31 December 2024, subject to approval by the Shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company ("**AGM**"). Subject to approval by the Shareholders at the AGM, the dividend will be payable on 18 July 2025 to shareholders whose names appear on the register of members of the Company on 27 June 2025.

Annual General Meeting and Closure of Register of Members

The AGM is scheduled to be held on 19 June 2025. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, 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 AGM, 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 Friday, 13 June 2025.

Subject to the approval of Shareholders at the AGM, the proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 27 June 2025 being the record date for determination of entitlement to the final dividend. The register of members of the Company will be closed from Wednesday, 25 June 2025 to Friday, 27 June 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 24 June 2025.

Corporate Governance

The Company has complied with all of the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except the following:

Code provision C.1.6 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 extraordinary general meeting of the Company that were held in Hong Kong on 19 June 2024 due to their commitments outside Hong Kong.

Code provision C.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 C1 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 2024, 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 C3 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 2024.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2024, 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 the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG 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 2024 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, 27 March 2025

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