



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2337

INTERIM REPORT

2024





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Jinmin (*Chairman & Chief Executive Officer*)
Mr. Liu Yingwu
Mr. Ma Haidong
Mr. Wang Zhiwei
Ms. Bian Xiaodan (*with effect from 29 August 2024*)

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Lo Wai Kit, ACCA, FCPA, CFA

AUTHORIZED REPRESENTATIVES

Mr. Ma Haidong
Mr. Lo Wai Kit

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

Ms. Su Dan (*Chairman*)
Mr. Ma Haidong
Mr. Zhang Zhifeng

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 2101, Unit 1
Block 23, Zone G
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Changchun
Jilin Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 24
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33 Hysan Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

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

HONG KONG LEGAL ADVISER

Wan & Tang
2408, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

AUDITOR

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

STOCK CODE

2337

COMPANY WEBSITE

www.united-strength.com

CONTACT DETAILS

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FINANCIAL HIGHLIGHTS

Six months ended 30 June		
	2024	2023
	RMB'000	RMB'000
Revenue	3,839,411	3,184,044
Gross profit	212,028	172,608
Profit for the period	27,940	7,147
Profit attributable to equity shareholders of the Company	26,970	6,433
Gross profit margin	6%	5%
Earning per share		
– Basic & Diluted (RMB)	0.07	0.02
	At 30 June	At 31 December
	2024	2023
	RMB'000	RMB'000
Total assets	1,681,263	1,914,596
Net assets	513,581	51,210

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 – unaudited (Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	4	3,839,411	3,184,044
Cost of sales		(3,627,383)	(3,011,436)
Gross profit	4(b)	212,028	172,608
Other income	5	3,585	5,928
Staff costs	6(b)	(83,108)	(81,671)
Depreciation expenses	6(c)	(32,652)	(37,422)
Impairment (loss)/reversal on trade receivables		(973)	2,147
Other operating expenses		(43,638)	(36,150)
Profit from operations		55,242	25,440
Share of profits of an associate		524	623
Finance costs	6(a)	(13,696)	(15,486)
Profit before taxation	6	42,070	10,577
Income tax	7	(14,130)	(3,430)
Profit for the period		27,940	7,147
Attributable to:			
Equity shareholders of the Company		26,970	6,433
Non-controlling interests		970	714
Profit for the period		27,940	7,147
Earnings per share			
– Basic and diluted (RMB)	8	0.07	0.02

The notes on pages 11 to 25 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Profit for the period	27,940	7,147
Other comprehensive income for the period (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	893	3,198
Total comprehensive income for the period	28,833	10,345
Attributable to:		
Equity shareholders of the Company	27,886	9,733
Non-controlling interests	947	612
Total comprehensive income for the period	28,833	10,345

The notes on pages 11 to 25 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited (Expressed in RMB)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	9	455,019	488,498
Investment properties		1,646	1,711
Interest in an associate		53,086	52,185
Deferred tax assets		48,106	39,237
		557,857	581,631
Current assets			
Inventories		182,522	185,439
Trade receivables	10	48,366	34,258
Prepayments, deposits and other receivables	11	744,328	948,828
Income tax recoverable		6,763	7,573
Restricted cash	12	71,350	110,350
Cash and cash equivalents	13	70,077	46,517
		1,123,406	1,332,965
Current liabilities			
Bank and other loans	14(a)	311,221	351,778
Trade and bills payables	15	33,228	27,160
Accrued expenses, other payables and contract liabilities	16	474,536	665,671
Lease liabilities		58,828	82,317
Income tax payable		14,315	13,768
		892,128	1,140,694
Net current assets		231,278	192,271
Total assets less current liabilities		789,135	773,902
Non-current liabilities			
Bank and other loans	14(b)	49,729	42,000
Lease liabilities		221,064	216,328
Deferred tax liabilities		4,761	3,467
		275,554	261,795
NET ASSETS		513,581	512,107

The notes on pages 11 to 25 form part of this interim financial report.

Consolidated statement of financial position (continued)

At 30 June 2024 – unaudited (Expressed in RMB)

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
CAPITAL AND RESERVES		
Share capital	32,293	32,293
Reserves	437,751	437,210
Total equity attributable to equity shareholders of the Company	470,044	469,503
Non-controlling interests	43,537	42,604
TOTAL EQUITY	513,581	512,107

The notes on pages 11 to 25 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000		
Balance at 1 January 2023	32,293	711,315	(700,106)	15,000	7,633	362,549	428,684	38,940	467,624
Changes in equity for the six months ended 30 June 2023:									
Profit for the period	–	–	–	–	–	6,433	6,433	714	7,147
Other comprehensive income for the period	–	–	–	–	3,300	–	3,300	(102)	3,198
Total comprehensive income	–	–	–	–	3,300	6,433	9,733	612	10,345
Distributions paid to non-controlling equity holder of a subsidiary	–	–	–	–	–	–	–	(105)	(105)
Balance at 30 June 2023 and 1 July 2023	32,293	711,315	(700,106)	15,000	10,933	368,982	438,417	39,447	477,864
Changes in equity for the six months ended 31 December 2023:									
Profit for the period	–	–	–	–	–	33,056	33,056	3,101	36,157
Other comprehensive income for the period	–	–	–	–	(1,970)	–	(1,970)	56	(1,914)
Total comprehensive income	–	–	–	–	(1,970)	33,056	31,086	3,157	34,243
Balance at 31 December 2023	32,293	711,315	(700,106)	15,000	8,963	402,038	469,503	42,604	512,107

The notes on pages 11 to 25 form part of this interim financial report.

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Statutory reserve	Exchange reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	32,293	711,315	(700,106)	15,000	8,963	402,038	469,503	42,604	512,107
Changes in equity for the six months ended 30 June 2024:									
Profit for the period	-	-	-	-	-	26,970	26,970	970	27,940
Other comprehensive income for the period	-	-	-	-	916	-	916	(23)	893
Total comprehensive income	-	-	-	-	916	26,970	27,886	947	28,833
Special dividend approved during the period	-	(27,345)	-	-	-	-	(27,345)	-	(27,345)
Distributions paid to non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	(14)	(14)
Balance at 30 June 2024	32,293	683,970	(700,106)	15,000	9,879	429,008	470,044	43,537	513,581

The notes on pages 11 to 25 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations		69,735	63,999
Income tax paid		(20,348)	(15,128)
Net cash generated from operating activities		49,387	48,871
Investing activities			
Payments for purchase of property, plant and equipment		(7,153)	(30,741)
Proceeds from disposal of property, plant and equipment		2,527	159
Net proceeds from disposal of subsidiaries		–	520
Interest received		700	751
Net cash used in investing activities		(3,926)	(29,311)
Financing activities			
Proceeds from bank and other loans		107,772	79,900
Repayment of bank and other loans		(140,600)	(55,575)
Capital element of lease rentals paid		(14,741)	(13,587)
Interest element of lease rentals paid		(9,101)	(11,044)
Dividends paid to non-controlling equity holder of a subsidiary		(14)	(105)
Net decrease in pledged bank deposits		39,000	10,000
Interest paid		(4,289)	(4,281)
Net cash (used in)/generated from financing activities		(21,973)	5,308
Net increase in cash and cash equivalents		23,488	24,868
Cash and cash equivalents at 1 January	13	46,517	60,297
Effect of foreign exchange rate changes		72	99
Cash and cash equivalents at 30 June	13	70,077	85,264

The notes on pages 11 to 25 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

United Strength Power Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 19 December 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 October 2017.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in retail sale of refined oil and natural gas by operating refuelling stations and storage facilities, wholesale of refined oil and provision of franchising services to franchisees and transportation of petroleum and natural gas services.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the board of directors of the Company is included on page 26.

2 BASIS OF PREPARATION (continued)

The number of refuelling stations and storage facilities of the Group as at 30 June 2024 was as follows:

	Owned by the Group		Operated by the Group under the entrusted management agreement	
	Refuelling stations	Petroleum storage facilities	Refuelling stations	Petroleum storage facility
At 30 June 2024	38	2	40	1
At 31 December 2023	42	2	39	1

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- 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 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Sales of refined oil and natural gas	3,790,626	3,150,615
Revenue from the provision of transportation services	37,807	33,387
Revenue from the provision of franchising services	9,411	–
Revenue from the trading of compressed natural gas ("CNG") and liquefied petroleum gas ("LPG")	1,567	42
	3,839,411	3,184,044

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

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sale of refined oil: this segment carries out sales of refined oil to vehicular end-users by operating petroleum refuelling stations, sales of refined oil to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities, and provision of franchising services to franchisees;
- 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 CNG and LPG; and
- Provision of transportation services: this segment provides petroleum and natural gas transportation services by managing dangerous goods transportation vehicles.

(i) Segment results

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

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

The measure used for reporting segment is gross profit. The Group's other income, staff costs, depreciation expenses, impairment (loss)/reversal on trade receivables, other operating expenses and share of profits 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.

4 REVENUE AND SEGMENT REPORTING (continued)**(b) Segment reporting (continued)****(i) Segment results (continued)**

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

	Six months ended 30 June 2024			
	Sale of refined oil RMB'000	Sale of natural gas RMB'000	Provision of transportation services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition:				
– Point in time	3,660,728	140,876	–	3,801,604
– Over time	–	–	37,807	37,807
Revenue from external customers	3,660,728	140,876	37,807	3,839,411
Inter-segment revenue	15,127	–	26,575	41,702
Reportable segment revenue	3,675,855	140,876	64,382	3,881,113
Reportable segment gross profit	138,908	30,951	42,169	212,028

	Six months ended 30 June 2023			
	Sale of refined oil RMB'000	Sale of natural gas RMB'000	Provision of transportation services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition:				
– Point in time	3,021,104	129,553	–	3,150,657
– Over time	–	–	33,387	33,387
Revenue from external customers	3,021,104	129,553	33,387	3,184,044
Inter-segment revenue	11,639	–	31,012	42,651
Reportable segment revenue	3,032,743	129,553	64,399	3,226,695
Reportable segment gross profit	107,277	25,395	39,936	172,608

4 REVENUE AND SEGMENT REPORTING (continued)**(b) Segment reporting (continued)****(ii) Reconciliations of reportable segment revenue and profit or loss**

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	3,881,113	3,226,695
Elimination of inter-segment revenue	(41,702)	(42,651)
Consolidated revenue (Note 4(a))	3,839,411	3,184,044
Profit		
Reportable segment gross profit	212,028	172,608
Other income	3,585	5,928
Staff costs	(83,108)	(81,671)
Depreciation expenses	(32,652)	(37,422)
Impairment (loss)/reversal on trade receivables	(973)	2,147
Other operating expenses	(43,638)	(36,150)
Share of profits of an associate	524	623
Finance costs	(13,696)	(15,486)
Consolidated profit before taxation	42,070	10,577

(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.

5 OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Rental income from operating leases	2,063	1,841
Net (loss)/gain on disposal of property, plant and equipment	(245)	156
Interest income	700	751
Others	1,067	3,180
	3,585	5,928

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expenses on:		
– bank and other loans	4,289	4,281
– lease liabilities	9,407	11,205
	13,696	15,486

(b) Staff costs:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	74,059	72,674
Contributions to defined contribution retirement plans	9,049	8,997
	83,108	81,671

(c) Other items:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Depreciation expenses:		
– owned property, plant and equipment	11,786	11,811
– right-of-use assets	20,801	25,528
– investment properties	65	83
	32,652	37,422
Operating lease charges relating to short-term leases and leases of low-value-assets	2,192	800
Cost of inventories	3,620,297	2,998,612

7 INCOME TAX

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current taxation		
Provision for the period	21,705	18,123
Deferred taxation		
Origination and reversal of temporary differences	(7,575)	(14,693)
	14,130	3,430

Notes:

- (i) The Company and subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% during the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).
- (ii) The Company and subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% during the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).
- (iv) Pursuant to tax relief policies issued by Ministry of Finance and State Taxation Administration of the PRC in 2023, certain companies of the Group established in the PRC (excluding Hong Kong), which meet the stipulated small scale operations are subject to preferential tax rates of 5% for their taxable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: 5%).
- (v) One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% (six months ended 30 June 2023: 15%) applicable for enterprise with advanced and new technologies.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB26,970,000 (six months ended 30 June 2023: RMB6,433,000) and 374,502,000 ordinary shares in issue during the interim period (six months ended 30 June 2023: 374,502,000).

(b) Diluted earnings per share

There were no potential dilutive ordinary shares during the six months ended 30 June 2024 and 2023.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group incurred capital expenditure on property, plant and equipment with a cost of RMB6,732,000 (six months ended 30 June 2023: RMB31,604,000).

10 TRADE RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables, net of loss allowance, due from:		
– related parties	701	1,548
– third parties	47,665	32,710
	48,366	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 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	44,140	33,643
1 to 3 months	3,125	552
3 to 6 months	1,101	63
	48,366	34,258

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments for purchase of inventories and services from:		
– related parties	405,576	386,291
– third parties	309,160	523,741
	714,736	910,032
Deposits to suppliers	5,872	5,179
Advances to staff	1,621	977
VAT recoverable	13,154	22,133
Others	8,945	10,507
Financial assets measured at amortised cost	29,592	38,796
	744,328	948,828

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

12 RESTRICTED CASH

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Pledged deposits for issuance of bank loans and bills	71,350	110,350

13 CASH AND CASH EQUIVALENTS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank and on hand	70,077	46,517

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

14 BANK AND OTHER LOANS**(a) The Group's short-term bank and other loans are analysed as follows:**

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank and other loans:		
Secured by property, plant and equipment, investment properties and/or restricted bank deposits of the Group, and/or guaranteed by a subsidiary or related parties	287,675	280,350
Guaranteed by a subsidiary	10,000	12,528
Guaranteed by a third party	10,000	56,900
	307,675	349,778
Add: current portion of long-term bank and other loans (<i>Note 14(b)</i>)	3,546	2,000
	311,221	351,778

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank and other loans:		
Secured by property, plant and equipment and/or investment properties of the Group, and/or guaranteed by a subsidiary or related parties	53,275	44,000
Less: current portion of long-term bank and other loans (<i>Note 14(a)</i>)	(3,546)	(2,000)
	49,729	42,000

15 TRADE AND BILLS PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade payables due to third parties	33,228	7,160
Bills payables	–	20,000
	33,228	27,160

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	32,740	6,730
1 to 3 months	100	420
Over 3 months	388	20,010
	33,228	27,160

16 ACCRUED EXPENSES, OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payables for staff related costs	6,833	7,027
Deposits from customers	1,598	1,532
Payables for acquisitions of property, plant and equipment	2,244	2,652
Other taxes payables	2,300	3,862
Amounts due to a related party (Note (i))	159,456	348,438
Payables to co-operative refuelling stations (Note (ii))	24,720	25,889
Dividends payable	27,345	–
Others	14,397	18,981
Financial liabilities measured at amortised cost	238,893	408,381
Contract liabilities – receipts in advance due to:		
– related parties	6,027	7,516
– third parties	131,454	135,409
Contract liabilities – vehicular end-users' prepaid cards	137,481	142,925
for consumption at refuelling stations	98,162	114,365
	235,643	257,290
	474,536	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.

Notes:

- (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 agreements entered into with Changchun Yitonghe. During the six months ended 30 June 2024, the payments, in aggregate, amounted to RMB1,104,080,000 (the six months ended 30 June 2023: RMB583,670,000), including payments by bank acceptance notes of RMB761,000,000 (the six months ended 30 June 2023: RMB388,170,000) issued by Changchun Yitonghe. As at 30 June 2024, RMB159,456,000 (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 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.

17 DIVIDENDS

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

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

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

The directors of the Company do not recommend the payment of a final dividend in respect of the previous financial year during the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

(c) Special dividend payable to equity shareholders of the Company approved during the interim period

	2024 RMB'000	2023 RMB'000
Special dividend approved during the period, of Hong Kong dollar 0.08 per ordinary share	27,345	—

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Commitments in respect of acquisitions of property, plant and equipment:		
Contracted for	155	2,890
Authorised but not contracted for	33,500	33,580
	33,655	36,470

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the material related party transactions entered into by the Group with the equity shareholders of the Company and companies controlled by the equity shareholders of the Company and their close family members during the six months ended 30 June 2024 are set out below.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Sales of goods	25,361	9,331
Provision of transportation services	11,566	11,804
Purchases of goods	1,453,303	1,114,166
Rental income from operating leases	113	107
Operating lease charges (recognised as depreciation and interest expenses from right-of-use assets under IFRS 16)	24,456	25,452
Operating lease charges	214	228
Service fee paid for other services received	1,332	846
Payments on behalf of the Group through:		
– bank acceptance notes	761,000	388,170
– cash (Note 16(i))	343,080	195,500
Payments to related party for the Group's purchases (Note 16(i))	1,313,375	585,716

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Pledge provided by the Group (Note (i))	26,994	27,426
Guarantees received for the Group's bank and other loans at the end of the reporting period	30,000	30,000
Guarantees received for the Group's banking facilities at the end of the reporting period	30,000	30,000

Note:

- (i) During the year ended 31 December 2023, a subsidiary of the Group pledged certain property, plant and equipment for a bank to Changchun Yitonghe. The directors of the Company were of the opinion that the likelihood is remote that a claim will be made against the Group under the pledge. The exposure of the Group at 30 June 2024 under the pledge is RMB26,994,000 (31 December 2023: RMB27,426,000), being the carrying amount of pledged property, plant and equipment.

INDEPENDENT REVIEW REPORT



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

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 25 which comprises the consolidated statement of financial position of United Strength Power Holdings Limited as of 30 June 2024 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

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

29 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS AND FINANCIAL REVIEW

I. Industry Review

Since 2024, the geopolitical conflicts have not significantly affected the natural gas market, with global supply and demand for natural gas remaining relatively stable. In the first half of this year, industrial natural gas usage increased, with the rate of increase in demand far exceeding the historical average for the same period. China and India have resumed double-digit growth rates in the first half of 2024. Against the backdrop of strong growth in demand in the Asian market, global natural gas supply has tightened, and uncertainties about Russian pipeline gas supplies to Europe have resurfaced. Compared to the first quarter, natural gas prices in major global markets increased in the second quarter. On the other hand, the domestic natural gas market showed a clear trend of increase in both supply and demand in the first half of the year. Influenced by the commissioning of terminals and the advancement of the Eastern Russia-China Natural Gas Pipeline construction, natural gas supply has diversified.

In the context of the energy transition period, major domestic oil and gas fields have continued to accelerate their efforts to increase reserves and production. Both CNPC and SINOPEC's large oil and gas fields completed their planned natural gas production targets ahead of schedule in the first half of the year. According to data from the National Bureau of Statistics of China, industrial natural gas production above designated size was 123.6 billion cubic meters from January to June, setting a record high for the same period and representing a year-on-year increase of 6.0%. As natural gas import costs have decreased, the volume of natural gas imports has consistently grown. According to the General Administration of Customs of China, domestic natural gas imports in the first half of the year were 64.65 million tons, a year-on-year increase of 14.3%.

On the demand side, due to the steady economic recovery and the increase in supply entities, the difficulty and cost of securing off-contract gas sources for domestic urban gas companies and large industrial users have both reduced. Some previously suppressed demand, due to factors such as peak regulation and negotiation difficulties, has been released, further promoting an increase in natural gas market consumption. In the first quarter of this year, China's apparent natural gas demand was 107.3 billion cubic meters, a year-on-year increase of 12.2%, with the growth rate 10.5 percentage points higher than the same period last year.

In the natural gas vehicle market, according to data from the Shanghai Petroleum and Natural Gas Exchange, transportation gas demand is expected to grow rapidly, with an annual increase of about 4 billion cubic meters. From January to April 2024, sales of LNG heavy trucks in China totaled 72,000 units, a year-on-year increase of 144%, accounting for 32.8% of the market, which is a 20% rise compared to the same period last year. The domestic economy is expected to experience steady growth driven by consumption and manufacturing, and LNG heavy truck sales are expected to enter a new growth cycle alongside the economy.

In the oil market, international oil demand continues to slow down, with global oil demand growth in the second quarter of 2024 only reaching 710,000 barrels per day, the lowest level in more than a year. With the rebound in domestic oil demand ending post-pandemic, domestic oil consumption shrank in April and May 2024. On the other hand, international oil prices showed a trend of high fluctuation and wide range, with overall operation range similar to the same period last year. Despite growing market concerns about slowing oil demand growth, oil prices rose in June. Global inventories rose for the fourth consecutive month from February to May, reaching the highest level since August 2021.

1. BUSINESS AND FINANCIAL REVIEW (continued)

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, to other petroleum refuelling stations, construction sites and other industrial users by operating petroleum storage facilities, and wholesale of refined oil to other industrial users. For the first six months of 2024, the Group recorded sales of refined oil income of approximately RMB3,660.7 million, representing an increase of approximately 21% and accounted for 95% of the total revenue of the same period. During the period, the sales volume of refined oil reached approximately 493 thousand tonnes (six months ended 30 June 2023: approximately 400 thousand tonnes), representing an increase of approximately 23% as compared with the same period 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 the period.

Sales of Natural Gas Business

The sales of natural gas are mainly conducted by our gas refuelling stations in China. For the first six months of 2024, the Group recorded sales of natural gas income of approximately RMB140.9 million, representing an increase of approximately 9% and accounting for approximately 4% of the total revenue of the same period. During the period, the sales volume of CNG reached approximately 26.2 million cubic meters (six months ended 30 June 2023: approximately 27.1 million cubic meters), representing a decrease of approximately 3% as compared with the same period last year. The increase in sales of natural gas business was mainly due to the increase in market demand of natural gas products as a result of expansion of customer base of LNG products during the period.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Sales of Natural Gas Business (continued)

The table below shows the location of and product offer at our refuelling stations as at 30 June 2024:

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	5	–	7
Liaoyuan City, Jilin Province	–	1	1	2
Yanji City, Jilin Province	4	–	–	4
Meihekou, Jilin Province	1	1	–	2
Hunchun, Jilin Province	–	–	1	1
Longjing, 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
Total station(s) in Jilin Province	14	33	10	57
Wuchang City, Heilongjiang Province	1	–	–	1
Total station(s) in Heilongjiang Province	1	–	–	1
Dandong City, Liaoning Province	–	14	1	15
Anshan City, Liaoning Province	–	4	–	4
Dalian City, Liaoning Province	–	1	–	1
Total station(s) in Liaoning Province	–	19	1	20
Total:	15	52	11	78

1. BUSINESS AND FINANCIAL REVIEW (continued)

Provision of Transportation Services

The provision of transportation services are conducted by Jieli Logistics and Xinxin Logistics. For the first six months of 2024, the Group recorded the transportation income of approximately RMB37.8 million, representing an increase of approximately 13% and accounting for approximately 1% of the total revenue of the same period.

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 40 head-mounted integrated vehicles (for petroleum transport), as well as 30 locomotives, 45 trailers and 1 head-mounted integrated vehicle (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 the six months ended 30 June 2024, the Group's revenue amounted to approximately RMB3,839.4 million, representing an increase of approximately RMB655.4 million or approximately 21% from approximately RMB3,184.0 million in the corresponding period 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 the first half of 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. For the six months ended 30 June 2024, the Group's cost of sales increased by approximately 20% to approximately RMB3,627.4 million from approximately RMB3,011.4 million in the corresponding period in 2023 due to the increase in the sales volume of the Company's products during the first half of 2024.

The gross profit for the six months ended 30 June 2024 was approximately RMB212.0 million (six months ended 30 June 2023: approximately RMB172.6 million), with a gross profit margin of approximately 6% (the six months ended 30 June 2023: approximately 5%). The improvement in gross profit margin was mainly attributable to the increase in gross profit margin of the Company's products compared with that of the same period in the previous year. The increase in gross profit was mainly attributable to the increase in the sales volume and the gross profit margin of the Company's products compared with that of the previous year.

Impairment (Loss)/Reversal on Trade Receivables

For the six months ended 30 June 2024, impairment loss on trade receivables amounted to approximately RMB1.0 million (six months ended 30 June 2023: reversal of impairment on trade receivables of approximately RMB2.1 million).

Other Income

Other income mainly comprises rental income from operating lease. For the six months ended 30 June 2024, other income amounted to approximately RMB3.6 million, representing a decrease of approximately RMB2.3 million from approximately RMB5.9 million in the corresponding period in 2023. The decrease in other income was mainly attributable to the decrease in subsidies granted by the PRC government to the Group during the first half of 2024.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Staff Costs

Staff costs mainly consisted of salaries, wages and other benefits and defined contributions retirement plan. For the six months ended 30 June 2024, staff costs amounted to approximately RMB83.1 million, representing an increase of approximately RMB1.4 million from approximately RMB81.7 million in the corresponding period in 2023. The increase in staff costs was principally attributable to the increase in average salary payable for staff during the first half of 2024.

Other Operating Expenses and Finance Costs

Other operating expenses, including utilities expenses related to gas and oil refuelling stations and other general office and administrative expenses increased by 20%, from approximately RMB36.2 million to approximately RMB43.6 million. The increase was mainly attributable to the increase in legal and professional fees and leasing expenses during the period.

For the six months ended 30 June 2024, the finance costs decreased by 12% from approximately RMB15.5 million for the six months ended 30 June 2023 to approximately RMB13.7 million for the six months ended 30 June 2024.

Share of Profits of an Associate

The Group shared profits from the associate of the Group with China Travel Service International Financial Leasing Company Limited ("**CTS Financial Leasing**"), which is held as to 30% indirectly by the Group. The share of profits of CTS Financial Leasing amounted to approximately RMB0.5 million for the six months ended 30 June 2024.

Profit before Taxation

As a result of the foregoing factors, the profit before taxation for the six months ended 30 June 2024 increased by approximately RMB31.5 million, to approximately RMB42.1 million (six months ended 30 June 2023: approximately RMB10.6 million).

Income Tax

For the six months ended 30 June 2024, income tax increased by approximately RMB10.7 million, or approximately 315%, to approximately RMB14.1 million from approximately RMB3.4 million in the corresponding period in 2023. Such increase was mainly due to higher profit before taxation recorded during the period.

Profit for the Period

For the six months ended 30 June 2024, the net profit of the Group amounted to approximately RMB27.9 million, representing an increase of approximately RMB20.8 million from approximately RMB7.1 million in the corresponding period in 2023.

1. BUSINESS AND FINANCIAL REVIEW (continued)

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the six months ended 30 June 2024. Total assets remained stable and amounted to approximately RMB1,681.3 million (31 December 2023: approximately RMB1,914.6 million), and total equity remained stable and amounted to approximately RMB513.6 million (31 December 2023: approximately RMB512.1 million).

Capital Expenditure

Capital expenditure for the six months ended 30 June 2024 amounted to approximately RMB6.7 million and capital commitments as at 30 June 2024 amounted to approximately RMB33.7 million. Both the capital expenditure and capital commitments were mainly related to the purchases of property, plant and equipment. The Group anticipates that funding for those commitments will come from the proceeds from future operating revenue, bank borrowings and other sources of finance when appropriate.

Borrowings

The Group's borrowings as at 30 June 2024 and 31 December 2023 are summarised below:

	30 June 2024		31 December 2023	
	RMB'000	%	RMB'000	%
Short-term borrowings	311,221	86	351,778	89
Long-term borrowings	49,729	14	42,000	11
Currency denomination				
– RMB	360,950	100	393,778	100
Borrowings				
– secured	360,950	100	393,778	100
Interest rate structure				
– fixed-rate borrowings	350,950	97	383,778	97
– variable-rate borrowings	10,000	3	10,000	3
Interest rate				
– fixed-rate borrowings		2.11%-7.2%		3.45%-7.5%
– variable-rate borrowings		3.45%		3.55%

As at 30 June 2024, the Group's gearing ratio was approximately 69% (31 December 2023: approximately 73%). The calculation of the gearing ratio was based on total liabilities and total assets as at 30 June 2024 and 31 December 2023 respectively.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Use of proceeds

The Company has received net proceeds of approximately HK\$115.6 million after deducting the underwriting fee and commissions and relevant expenses in connection with the initial public offerings (“IPO”) on 16 October 2017. On 27 November 2018, 31 January 2019 and 30 March 2022, the Board resolved to change the proposed use of proceeds from that originally set out in the prospectus for the IPO. Details of which are set out in the announcements of the Company dated 27 November 2018, 31 January 2019, 30 March 2022 and 27 March 2024 respectively. The unutilised proceeds have been placed with the licensed banks and financial institutions in Hong Kong and the PRC as interest-bearing deposits. Set out below is a summary of the original allocation of the net proceeds, the revised allocation of net proceeds and the utilisation of the net proceeds:

	Original allocation HK\$'000	Revised allocation HK\$'000	Utilization as at 30 June 2024 HK\$'000	Remaining balance at at 30 June 2024 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	26,493	13,507	By the end of 2025
Expansion of the logistics vehicles teams	–	10,000	6,068	3,932	By the end of 2025
Total	115,600	115,600	98,161	17,439	

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.

1. BUSINESS AND FINANCIAL REVIEW (continued)

Pledge of Assets

As at 30 June 2024, the aggregate carrying amount of the property, plant and equipment and investment properties of the Group of RMB42.3 million and RMB27 million were pledged for the Group's bank and other loans and bank acceptance bills facilities, and a bank loan of Changchun Yitonghe Petroleum Distribution Company Limited, respectively. For details, please refer to the announcement of the Company dated 9 May 2024 and the circular of the Company dated 31 May 2024. At 30 June 2024, bank loans and bank acceptance bills facilities of the Group amounted to RMB347.1 million, and were utilised to the extent of RMB291.8 million. 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 report and as at 30 June 2024, the Board is not aware of any material contingent liabilities.

Human Resources

As at 30 June 2024, the Group had 1,468 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds scheme according to the applicable laws and regulations of the PRC for its employees in the PRC and made contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerated its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted the share option scheme on 21 September 2017 (the "**Share Option Scheme**"), under which eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company in accordance with their past and potential contribution to the growth of the Group. As at 30 June 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

The Group had no significant investment, material acquisitions or disposals for the six months ended 30 June 2024.

Foreign Exchange Risk Management

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

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

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

2. BUSINESS PROSPECTS

I. Future Prospects

Looking ahead to the second half of the year, the domestic natural gas market is expected to maintain a robust supply and demand dynamic. According to data from the Ministry of Commerce, with rising demand and growing reserves and production, domestic gas production is expected to steadily increase, with domestic natural gas production expected to reach 243.2 billion cubic meters in 2024. Some new LNG import contracts will be carried out, and the import volume of gas through the Eastern Russia-China Natural Gas Pipeline will further increase, with total natural gas imports expected to reach 169.9 billion cubic meters in 2024, and the dependency on foreign natural gas will be controlled at around 41%. On the domestic demand side, according to the forecasts from GasTank, LNG demand will grow following the onset of the winter heating season at the end of the year, in line with the overall increase in natural gas demand. The demand for LNG used in peak shaving for urban gas is expected to see a substantial increase. Industrial and power generation LNG demand will face pressure due to high LNG prices, while the market for LNG used in vehicles and ships will benefit from policy incentives and cost advantages, maintaining a growth trend.

According to the International Energy Agency's Gas Market Report, Q3 2024, released in July, international natural gas demand is expected to slow down in the second half of 2024, but the strong growth in industrial gas consumption will continue to drive overall annual demand increases. Global natural gas demand for 2024 is expected to grow by 2.5%, with industrial gas use expected to account for more than 55% of the increase. "The 2023 Domestic and Foreign Oil and Gas Industry Development Report" released by the CNPC Economics and Technology Research Institute indicates that in the context of building a new energy system, affordability and security concerns arising from the global energy crisis will lead governments and companies to focus more on developing clean energy technologies. Natural gas is becoming an important energy source supporting comprehensive green transformation of the economy and society, progressively replacing high-pollution fuels and supporting the scale development of new energy.

In the oil market, the International Energy Agency's Oil Market Report, released in July 2024, pointed out that considering factors such as subpar economic growth, greater efficiencies and vehicle electrification, global gains are projected to average just below 1 mb/d in 2024 and 2025. "The China Oil, Gas and New Energy Market Development Report" issued by PetroChina Planning & Engineering Institute (CPPEI) believes that due to the accelerated progress of China's dual-control policies on carbon emission and passenger car electrification, China's oil demand is expected to peak around 2028. Over the next five years, domestic refining capacity will gradually approach 1 billion tons per year, with refined oil consumption entering a peak window period. "Reducing petroleum products and increase chemical products" has become a trend in the global petrochemical industry.

In the new energy vehicle market, the domestic new energy vehicle development continues to demonstrate positive momentum. According to data released by the National Development and Reform Commission in June this year, new energy vehicle production and sales in the first five months were 3.926 million and 3.895 million units respectively, with year-on-year increases of 30.7% and 32.5%, accounting for 33.9% of total vehicle sales. Domestic consumer demand for new energy vehicles is expected to continue to rise, significantly driving demand for charging infrastructure construction.

Looking forward to the second half of 2024, the Group will seize the opportunities of national energy transformation and upgrading, and will actively align with the national "Carbon dioxide peaking and carbon neutrality" strategy, further optimize the Group's natural gas and oil distribution and transportation business, leverage the geographical advantages of the three northeastern provinces, and expand the market for new energy vehicle refueling stations and charging infrastructure construction, broaden business directions, contribute to national energy security and sustainable development, and strive to create long-term value for shareholders and society.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to notify to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required to be and were entered in the register required to be maintained by the Company pursuant to section 352 of the SFO, or (c) were required, pursuant to the Model Code, as otherwise notified to the Company and the Stock Exchange, were as follows:

Long Position in the Shares of the Company

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

Notes:

- These underlying shares comprise (i) 138,049,240 Shares held in the name of Golden Truth Holdings Limited ("Golden Truth"); and (ii) 71,780,000 Shares held in the name of Propitious Peak Limited ("Propitious Peak"). Propitious Peak is wholly owned by Golden Truth which is in turn wholly owned by Mr. Zhao, our Chairman, an executive Director and Chief Executive Officer. By virtue of the SFO, Mr. Zhao is deemed to be interested in the shares in which Golden Truth and Propitious Peak are interested.
- These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year Limited ("Heroic Year"); and (ii) 9,700,000 Shares held in the name of Amber Heyday Limited ("Amber Heyday"). Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director. By virtue of the SFO, Mr. Liu is deemed to be interested in the shares in which Heroic Year and Amber Heyday are interested.

Long Position in the Shares of the Associated Corporations

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

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2024 and to the best knowledge of the Directors and chief executives of the Company, persons (other than Directors or chief executives of the Company) who had an interest or short position, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares of the Company Substantial shareholders

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

Notes:

- These underlying shares comprise (i) 138,049,240 Shares held in the name of Golden Truth; and (ii) 71,780,000 Shares held in name of Propitious Peak. Propitious Peak is wholly owned by Golden Truth which is in turn wholly owned by Mr. Zhao, our Chairman, an executive Director and Chief Executive Officer.
- Ji Yuanyuan is the spouse of Mr. Zhao. By virtue of the SFO, Ji Yuanyuan is deemed to be interested in the shares in which Mr. Zhao is interested.
- These underlying shares comprise (i) 23,381,400 Shares held in the name of Dynamic Fame Global Limited ("**Dynamic Fame**"); and (ii) 14,550,000 Shares held in name of Immense Ocean Limited ("**Immense Ocean**"). Immense Ocean is wholly owned by Dynamic Fame which is in turn wholly owned by Ms. Xu Hang, our substantial shareholder. By virtue of the SFO, Ms. Xu Hang is deemed to be interested in the shares in which Dynamic Fame and Immense Ocean are interested.
- These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year; and (ii) 9,700,000 Shares held in name of Amber Heyday. Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director.
- Ms. Ma Dan is the spouse of Mr. Liu. By virtue of the SFO, Ms. Ma Dan is deemed to be interested in the shares in which Mr. Liu is interested.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who also had interests or short positions on the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

The Share Option Scheme will expire on 20 September 2027. No options have been granted under the Share Option Scheme as at 30 June 2024, or as at the date of this Interim Report.

CORPORATE GOVERNANCE

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix C1 to the Listing Rules during the six months ended 30 June 2024, except the following:

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.

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 on 19 June 2024 in person due to their overseas commitments.

Code Provision F.2.2 of the CG Code requires, amongst others, the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting of the Company that was held on 19 June 2024 in person due to his overseas commitment.

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.

Review of Interim Financial Information

The interim financial report for the six months ended 30 June 2024 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2024, and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

As disclosed in the announcement of the Company dated 31 May 2024, the Board resolved to recommend the declaration and payment of a special dividend of HK\$0.08 per Share out of the share premium account (the **"Special Dividend"**). Based on 374,502,000 ordinary Shares in issue, the Special Dividend amounted to approximately HK\$30,000,000. At the extraordinary general meeting of the Company held on 19 June 2024, the shareholders of the Company passed the ordinary resolution to approve the declaration and payment of the Special Dividend. For details, please refer to the announcements of the Company dated 31 May 2024 and 19 June 2024, and the circular of the Company dated 3 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set forth in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities by the Directors of the Company. Having made specific enquiry with all Directors, all the Directors confirmed that they have complied with the Model Code throughout the period under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2024.

APPRECIATION

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

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

Hong Kong, 29 August 2024