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 REPORT
2024

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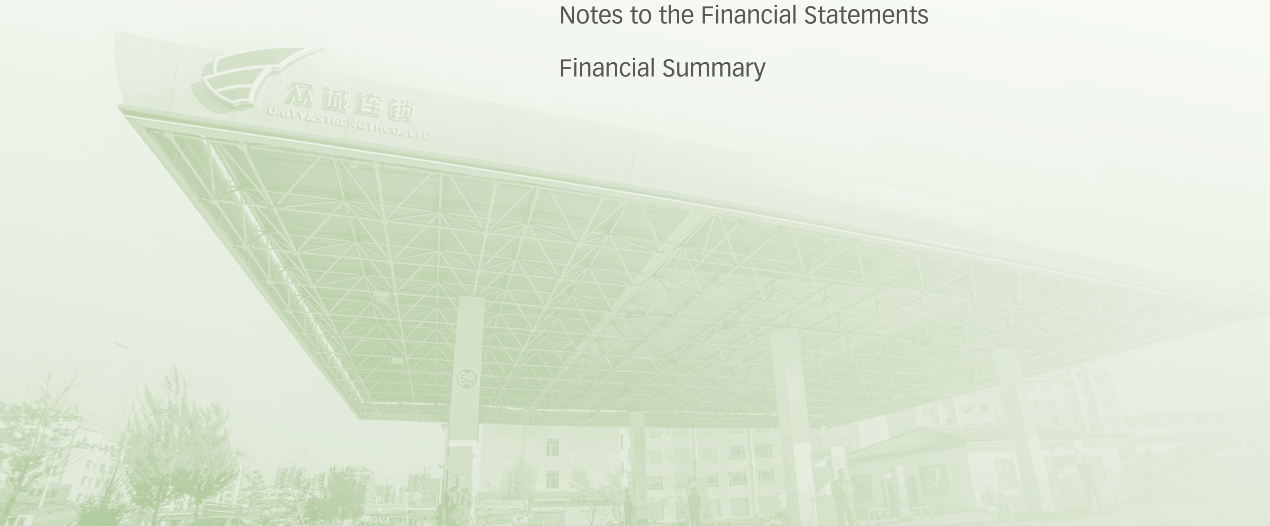


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Xu Huilin (resigned with effect from 29 February 2024)

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Lo Wai Kit, *ACCA, FCPA, CFA*

AUTHORIZED REPRESENTATIVES

Mr. 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
Solana 2, Erdao District
Changchun
Jilin Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 24
The Lee Garden One
33 Hysan Avenue
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 Harbour Road
Hong Kong

PRINCIPAL BANKERS

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

HONG KONG LEGAL ADVISER

Anthony Siu & Co.
18th Floor, Nine Queen's Road 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

Phone: (852) 3896 3333
Fax: (852) 3896 3300

FINANCIAL HIGHLIGHTS

	2024 RMB'000	2023 RMB'000
Revenue	**7,724,326**	7,346,895
Gross profit	**439,850**	422,263
Profit for the year	**70,656**	43,304
Profit attributable to equity shareholders of the Company	**67,791**	39,489
Gross profit margin	**6%**	6%
Earnings per share		
— Basic & Diluted (RMB)	**0.18**	0.11
Total assets	**1,877,283**	1,914,596
Net assets	**547,955**	512,107

CHAIRMAN'S STATEMENT

Zhao Jinmin *Chairman & Chief Executive Officer*

Dear Shareholders,

I, on behalf of the board (the "**Board**") of directors (the "**Directors**") of United Strength Power Holdings Limited (hereinafter referred to as "**United Strength Power**", "**the Company**" or "**our Company**"), hereby present the annual business results of our Company and its subsidiaries (hereinafter collectively referred to as "**our Group**", "**we**" or "**us**") for the year ended 31 December 2024 (hereinafter referred to as the "**Reporting Period**").

BUSINESS REVIEW

In 2024, the global economy was in a slow recovery process, with insufficient growth momentum and significant differentiation in performance among different economies. The growth in oil demand of major economies around the world slowed significantly, and international oil prices fluctuated downward in 2024. At the same time, the growth rate of natural gas consumption rebounded, with the Asia-Pacific region, represented by China, becoming a major growth driver for global natural gas consumption. Natural gas prices fluctuated in 2024, starting low and then rising, yet remaining at relatively low levels. Against the backdrop of escalating global geopolitical conflicts, the importance of energy security was further highlighted, with the traditional oil and gas energy sector shouldering the dual responsibilities of ensuring energy supply and facilitating green transformation.

Facing the impact of changes in the domestic and international environment, China solidly promoted high-quality development. The economy showed signs of improvement, with China's gross domestic product (GDP) exceeding RMB130 trillion for the first time in 2024, representing a year-on-year increase of 5%. With the continuous advancement of China's energy structure adjustment and upgrading and clean energy support policies, the domestic natural gas market recorded increase in both supply and demand. In 2024, 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%. Natural gas imports amounted to 131.69 million tons, representing a year-on-year increase of 9.9%. In 2024, the national apparent natural gas consumption was 426.05 billion cubic meters, representing an increase of 8% year-on-year. On the other hand, on the basis of stable oil supply and increasing gas demand, China's demand for oil slowed down. The volume of crude oil imports in China was moderately reduced, amounting to approximately 553.42 million tons in 2024, representing a year-on-year decrease of 1.9%.

The automobile market closely related to our Company's business has seen a greater application of new energy and clean energy. 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. The production and sales volume as well as the penetration rate of new energy vehicles all set new records. The annual production of new energy vehicles surpassed 10 million units for the first time, and the monthly retail penetration rate exceeded 50% for the first time.

In January 2024, our Group expanded its business scope to include wholesale liquefied petroleum gas ("**LPG**") operations through an agreement with PetroChina Kunlun Gas Co. Ltd (Daqing Branch)* (中石油昆侖燃氣有限公司液化氣大慶分公司) ("**PCKDB**"). In July 2024, we signed the LPG framework sales agreement with Songyuan Petrochemical to resell the LPG purchased from PCKDB to Songyuan Petrochemical. Our Group has consistently been exploring and developing different areas related to its core business. This expansion of business cooperation in the LPG industry chain has further optimized our Group's operations and diversified our sources of income.

Our Group declared a special dividend of HK$0.08 per share for the Reporting Period to reward our shareholders for their long-term support to our Group.

FUTURE PROSPECTS

2025 is the final year of the 14th Five-Year Plan. The report on the work of the government released in March this year pointed out that China will adhere to the core guideline of seeking progress while maintaining stability and promote the continued recovery of the economy. The GDP growth target for China in 2025 is around 5%. At the same time, as the global energy transition enters a crucial year, China will expedite the planning and construction of a new energy system, strengthen the diversified layout of the domestic energy structure, and continue to promote the coordinated development of traditional energy and renewable energy sources.

The international oil and gas supply and demand situation is expected to be generally loose, and global oil demand is expected to rebound slightly in 2025. At the same time, OPEC+ plans to start unwinding voluntary production cuts in April 2025, combined with an overall surplus supply, it is expected to putting downward pressure on international oil prices. During the process of achieving the goal of carbon neutrality and carbon peaking, natural gas will continue to play a role as a "bridge energy source" and the growth rate of natural gas consumption in China may further increase. At the same time, new energy and clean energy will be more widely applied in the transportation sector. In the "Opinions on Accelerating the Construction of a Unified and Open Transportation Market" issued at the end of 2024, China proposed to promote the green and intelligent transformation and upgrading of transportation, improve clean energy substitution policies for transportation facilities, and promote the application of new energy and clean energy in medium and heavy-duty trucks, ships, and other transport vehicles. Driven by policy support and technological advancements, sales and penetration rates of new energy vehicles are also expected to further increase in 2025.

Our Group will actively respond to the national call for ensuring energy security and promoting the policy of green and low-carbon transformation of energy. It will fully leverage the regional strengths in the energy market in Northeastern China, maintain stable operation of its main business of petroleum refuelling stations and CNG refuelling stations, and strategically seize opportunities related to the oil and gas industry chain, thereby diversifying its business layout and income sources. In addition, during the critical transitional period of energy transformation where new energy is replacing traditional sources, our Group will closely monitor business expansion opportunities in the field of new energy, closely follow the surging trend of new energy application in the Chinese automotive industry, strive to achieve sustainable development of our Group and create a more stable investment return for investors.

Zhao Jinmin
Chairman

Hong Kong

27 March 2025

Management Discussion and Analysis

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**
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: reversal of impairment loss 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 report.

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 27 March 2025 HK$'000	Remaining balance as at 27 March 2025 HK$'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 report 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 report, 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.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance in order to safeguard the interests of the Shareholders and enhance the corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as its own code of corporate governance. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code. The Company has complied with all applicable code provisions under the CG Code throughout the year ended 31 December 2024, except as disclosed in the following and in this report:

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 was held on 19 June 2024 due to their commitments outside Hong Kong.

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 due to his commitment 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with each of the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024. Details of the shareholding interests held by the Directors as at 31 December 2024 are set out in page 91 of this annual report.

BOARD OF DIRECTORS

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

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

Executive Directors

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

Non-Executive Director

Mr. Xu Huilin (resigned with effect from 29 February 2024)

Independent Non-executive Directors

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

Biographical information of the Directors is set forth on pages 83 to 85 of this annual report.

Mr. Zhao Jinmin and Mr. Liu Yingwu entered into a service contract with the Company commencing on 1 April 2017, and Mr. Ma Haidong, Mr. Wang Zhiwei and Ms. Bian Xiaodan have entered into a service contract with the Company commencing on 24 August 2020, 27 July 2022 and 29 August 2024 respectively, all of which may be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

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

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision 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.

BOARD MEETINGS

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

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

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

In 2024, six Board meetings were held and the attendance of each Director at the meeting is set out in the table below:

Director	Number of Board meetings attended
Mr. Zhao Jinmin	6/6
Mr. Liu Yingwu	6/6
Mr. Ma Haidong	6/6
Mr. Wang Zhiwei	6/6
Ms. Bian Xiaodan (appointed with effect from 29 August 2024)	0/0
Mr. Xu Huilin (resigned with effect from 29 February 2024)	0/0
Ms. Su Dan	6/6
Mr. Lau Ying Kit	6/6
Mr. Zhang Zhifeng	6/6

The company secretary of the Company (the "**Company Secretary**") is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. During the year ended 31 December 2024, Mr. Lo Wai Kit was the Company Secretary.

The Chairman had a meeting with the independent non-executive Directors without the presence of executive Directors in 2024.

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

TRAINING FOR DIRECTORS

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

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

Ms. Bian Xiaodan obtained the legal advice for her appointment as required under Rule 3.29 of the Listing Rules on 29 August 2024. She also confirmed that she understood her obligations as a director of the Company.

The individual training record of each Director received for financial year ended 31 December 2024 is set out below:

Directors	Type of CPD
Executive Directors	
Mr. Zhao Jinmin	B
Mr. Liu Yingwu	B
Mr. Ma Haidong	B
Mr. Wang Zhiwei	B
Ms. Bian Xiaodan (appointed with effect from 29 August 2024)	A and B
Non-Executive Director	
Mr. Xu Huilin (resigned with effect from 29 February 2024)	B
Independent Non-executive Directors	
Ms. Su Dan	B
Mr. Lau Ying Kit	A and B
Mr. Zhang Zhifeng	B

Notes:

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

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

AUDIT COMMITTEE

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

- making recommendations to the Board on the appointment and reappointment of the external auditors, as well as approving the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- monitoring the integrity of the financial statements of the Company and the Company's annual report and accounts and interim report, and reviewing significant financial reporting judgments contained in such reports; and

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

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

Two meetings were held with the management and the external auditors in 2024. Members of Audit Committee attendance at committee meetings held during their term of office are listed below:

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

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

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

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

– approving the terms of executive Directors' service contracts.

The Remuneration Committee comprises Mr. Liu Yingwu who is an executive Director and Mr. Zhang Zhifeng and Ms. Su Dan who are independent non-executive Directors. The Remuneration Committee is chaired by Mr. Zhang Zhifeng.

One meeting was held in 2024. Members of Remuneration Committee attendance at committee meetings held during their term of office are listed below:

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

The remuneration of the members of senior management by bands in 2024 is set out below:

Remuneration bands	Number of individuals
Nil–HK$1,000,000	1
HK$1,000,001–HK$1,500,000	1
	2

NOMINATION COMMITTEE

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

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

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

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

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; and
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Two meetings was held in 2024. Members of Nomination Committee attendance at committee meeting held during their term of office are listed below:

	Number of Nomination Committee Meetings attended/held
Committee members	
Ms. Su Dan *(Chairman)*	2/2
Mr. Xu Hulin *(ceased to be a member with effect from 29 February 2024)*	N/A
Mr. Zhang Zhifeng	2/2
Mr. Ma Haidong *(appointed as a member with effect from 29 February 2024)*	2/2

In accordance with the requirements under the CG Code, the Company has set an initial target of appointing at least one director of a different gender to the Board and has achieved such target since its listing when Ms. Su Dan was appointed as an independent non-executive Director. Currently, the gender diversity of the Board is at 25% (2 female out of 8 Directors). The Nomination Committee and the Board will review the Board's target gender diversity ratio from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. The Group's policies in recruitment and promotion of employees are based on objective factors such as their skills, knowledge, experience and performance. We disregard their respective gender, race or religion in order to provide a fair and equal working environment and opportunities. A summary of the gender ratio in the workforce (including senior management) of the Group for the year is disclosed in the Environmental, Social and Governance Report of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties set out in code provision A.2.1 of the CG Code as follows:

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

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

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, results and cash flow of the Group in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected appropriate accounting policies and applied them consistently; made judgement and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The statement by the external auditor of the Company regarding their reporting responsibilities of the financial statements of the Group is set forth in the Independent Auditor's Report on page 103 of this annual report.

EXTERNAL AUDITORS

The Group appointed KPMG as the Group's principal external auditors. The acknowledgement of their responsibilities for the audit of the consolidated financial statements of the Group is set forth in the Independent Auditor's Report on pages 98-104 of this annual report.

The remuneration paid or payable to KPMG for services rendered in respect of the year ended 31 December 2024 is as follows:

	2024 RMB'000
Annual audit and interim review services	5,800
Other audit services	–
Total	5,800

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

– identifying, consolidating and analyzing existing and potential risks;

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

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

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

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

Notwithstanding it constituted a deviation from C.2.5 of the Code Provision. The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues and makes recommendations. An annual review of the effectiveness of the system of internal controls of the Group will be conducted. The Board is of the view that the internal control measures in place are adequate and effective to safeguard the interest of shareholders and the Group's assets.

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

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

The executive Directors closely monitored the Group's business and corporate developments and events so that potential inside information would be identified promptly. The Company regulates the handling and dissemination of inside information by restricting access to inside information to a limited number of employees and parties on a need-to-know basis. Employees who are in possession of inside information are conversant with their obligations to preserve confidentiality. External parties, such as financial printer, are required to sign confidentiality agreement or non-disclosure agreement. Inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Inside information shall be disseminated via the electronic publication system operated by the Stock Exchange before the information is released via other channels, such as the press or posting on the Company's website. In respect of the year ended 31 December 2024, the Board considered the risk management and internal control systems effective and adequate. No significant areas of concern which might affect shareholders were identified.

DIRECTORS AND OFFICERS INSURANCE

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

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

SHAREHOLDERS' RIGHTS

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. Annual and interim reports offer comprehensive information to shareholders on operational and financial performance whereas annual general meetings provide a forum for shareholders to exchange views directly with the Board. The Company regards annual general meetings as important events and all Directors (including independent non-executive Directors), senior management and external auditors shall make an effort to attend such meetings to address shareholders' queries. All shareholders are given a minimum of 21 clear days' notice of the date, venue and agenda of such meetings and a minimum of 14 clear days' notice of the date, venue and agenda for all other general meetings. All resolutions put to vote at the Company's general meetings are taken by poll. Poll results are published on the websites of the Company and the Stock Exchange.

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

The annual general meeting of 2024 ("**2024 AGM**") was held on 19 June 2024. The notice of the 2024 AGM was sent to the shareholders of the Company at least 20 clear business days before the 2024 AGM.

The extraordinary general meeting of 2024 ("**2024 EGM**") was held on 19 June 2024. The notice of 2024 EGM was sent to the shareholders of the Company at least 10 clear business days before 2024 EGM.

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

Directors	Attendance/ Number of general meetings
Mr. Zhao Jinmin	0/2
Mr. Liu Yingwu	0/2
Mr. Ma Haidong	0/2
Mr. Wang Zhiwei	0/2
Ms. Bian Xiaodan (appointed with effect from 29 August 2024)	0/0
Mr. Xu Huilin (resigned with effect from 29 February 2024)	0/0
Ms. Su Dan	0/2
Mr. Lau Ying Kit	2/2
Mr. Zhang Zhifeng	0/2

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

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

CONSTITUTIONAL DOCUMENTS

The amended and restated Articles of Association of the Company (the "**M&A**") was adopted on 19 December 2022 for the purpose of, among others, (i) bringing the M&A in line with amendments made to the Listing Rules and the applicable law and procedures in the Cayman Islands; (ii) allowing general meetings to be held as an electronic meeting or as a hybrid meeting; and (iii) making certain minor housekeeping amendments to the M&A for the purpose of clarifying existing practice and making consequential amendments in line with the amendments to the M&A. An updated version of the Company's M&A is available on the websites of the Company and the HKEx.

DIVIDEND POLICY

The Company currently does not have a dividend policy or any pre-determined dividend distribution ratio and may declare dividends by way of cash or by other means that the Directors consider appropriate. The Directors shall decide and recommend the amount of dividends (or decide not to recommend any dividend) based on our earnings, cash flows, financial condition, capital requirements, future plans of the Group and any other conditions that the Directors deem relevant at such time.

COMPANY SECRETARY

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

During 2024, Mr. Lo Wai Kit, the Company Secretary, had attended no less than 15 hours of relevant professional seminars to update his skills and knowledge as required under Rule 3.29 of the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

Energy, as a fundamental material basis and driving force for the socio-economic development of human society, is intrinsically linked to national welfare, people's livelihoods, and national security. It also directly impacts the global environment and ecological balance. While the widespread use of traditional fossil fuels has promoted economic growth, it has also resulted in a series of issues such as environmental pollution and climate change. To address these challenges, countries around the world have formulated energy transition strategies, gradually phasing out highly polluting, high-carbon fossil fuels and seeking innovative and sustainable energy solutions.

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China ("**China**"), the 10th anniversary of deeply implementing the new energy security strategy, "Four Revolutions and One Cooperation". It is also a critical year for achieving the goals of the 14th Five-Year Plan. During the year, the Standing Committee of the 14th National People's Congress deliberated and passed the "Energy Law of the People's Republic of China", further refining the energy governance system and providing clear policy guidance to ensure national energy security and promote a green, low-carbon transition. Against the backdrop of accelerating global energy transition, China is actively advancing the development of clean energy, building a diversified, green, and low-carbon energy supply system to address climate change, protect the ecological environment, and foster sustainable socio-economic development.

The green energy transition is a long-term and complex process. The efficient and clean utilisation of fossil fuels can provide robust support for the development of renewable energy and the construction of a new energy system. In this context, natural gas, with its relatively clean and low-carbon characteristics, is regarded as an important transitional bridge towards renewable energy. According to the "14th Five-Year Plan for Modern Energy System", natural gas will continue to play a critical role in China's national "Emission Peak" and "Carbon Neutrality" goals. As one of China's rapidly growing and leading compressed natural gas refuelling and energy transportation operators, United Strength Power Holdings Limited and its subsidiaries (collectively the "**Group**") are primarily involved in the natural gas sales business, petroleum wholesale business, refuelling business, and transportation services. In response to national policies, the Group is committed to accelerating the development and application of clean energy while ensuring energy security.

Adhering to the development strategy of green energy transition, the Group deeply understands that building a secure, resilient, and sustainable supply chain and operational system is a prerequisite for the orderly development of the natural gas industry. It also serves as a cornerstone for supporting the nation in achieving its "Dual Carbon" goals and "Beautiful China" initiatives. Meanwhile, the Group actively responds to the "Gasification of Jilin" strategy, embedding the concept of sustainable development into its overall corporate strategy and daily operations. In addition to ensuring the safety and stability of energy supply, the Group places great importance on the ecological environment and social responsibilities in its operating regions. To this end, the Group continuously optimises its Environmental, Social, and Governance ("**ESG**") policies and management systems. Guided by global and industry best practices, the Group has strengthened its ESG governance framework and enhanced its sustainability performance. A standardised ESG data management system has also been developed to improve information transparency and accuracy.

In 2024, the global energy market continues to undergo profound transformations, with climate issues and energy security challenges coexisting. The Group will actively adapt to these changes, driving business development through technological innovation and smart energy applications. Furthermore, the Group will deepen green supply chain management, encouraging its business partner to jointly advance toward low-carbon development. Additionally, the Group places high importance on the health and safety of its employees and customers, continuously optimising its occupational health and safety management systems to enhance risk prevention and response capabilities.

Looking forward, the Group will further strengthen talent attraction and cultivation, fostering a diverse and inclusive corporate culture that promotes the mutual growth of employees and the organisation. Meanwhile, the Group will continue to implement national energy strategies to optimise its business models and improve energy utilisation efficiency. Through these efforts, the Group aims to play a leading role in the sustainable development within the industry, creating long-term and stable shared value for all stakeholders.

II. ABOUT THE REPORT

In compliance with the requirement under Appendix C2 – Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Group is pleased to present the Environmental, Social and Governance Report (“**this ESG Report**”) for the year ended 31 December 2024 (“**FY2024**”), which demonstrates the Group’s approaches and performance in terms of ESG management and corporate sustainable development for FY2024.

Boundary Setting

This ESG Report adopts the operational control approach to define the boundary of information disclosure. The disclosure in this ESG Report covers the major business operations of the Group, including the natural gas refuelling and storage facility operations, the sales of refined oil and natural gas, the wholesale of refined oil, and the provision of petroleum and natural gas transportation services. The Group comprehensively identified and assessed the entities that it had operational control over and that were operating normally during FY2024, and decided to include gas refuelling stations, petroleum refuelling stations, mixed (gas and petroleum) refuelling stations that operated by the Group in FY2024 and transportation businesses in Northeast China into the boundary of this ESG Report.

Reporting Principles

In accordance with the reporting principles stated in the ESG Guide of the SEHK, this ESG report followed the four principles of “Materiality”, “Quantitative”, “Balance”, and “Consistency” to systematically discloses the Group’s ESG performance in FY2024. The detailed application of each principle is as follows:

Materiality

The Group upholds the Materiality principle to ensure that the ESG issues that have the most significant impact on the business and stakeholders are effectively identified and resources are appropriately allocated to manage the associated risks. During the year under review, the Group conducted an annual materiality assessment through an online questionnaire survey, gathering feedback from key stakeholders on a range of ESG issues to understand their concerns and expectations. This process enabled the Group to identify key ESG factors that have significant impacts on its long-term business development. For more information, please refer to the sections “**Stakeholder Engagement**” and “**Materiality Assessment**”.

To present the Group’s ESG performance in a clear and focused manner, data is classified, managed, and monitored across its operational entities. The Group has also established a data collection and disclosure mechanism with clearly defined responsibilities, ensuring accountability at all levels.

Quantitative

The Group applies the Quantitative principle to organise and disclose its environmental and social performance based on a series of key performance indicators (“**KPIs**”), including emissions, natural resource consumption, and employee composition. The calculation methods, assumptions, and conversion factors used have been clearly outlined in the footnotes of the respective performance tables.

Balance

To ensure provide true and reliable ESG information to its stakeholders, the Group adheres to the Balance principle to fairly describe its ESG performance, enabling stakeholders to make informed decisions. The Group comprehensively assesses the material ESG risks and discloses the results objectively to truly reflect its sustainability performance during the year under review to readers.

Consistency

The Group adopts a consistent reporting framework and data calculation method as previous years to facilitate peer comparison and meaningful year-on-year analysis. If there are any significant differences from the previous reporting framework, the Group will make clear explanations accordingly.

Information Disclosure

The information disclosed in this ESG Report was gathered through numerous channels, including internal policies and data of the Group, the feedback of the implementation of ESG practices in the Group, stakeholder surveys, and online surveys for the collection of the relevant information about the practices of the Group in sustainability. A complete content index is available at the end of this ESG Report for readers' convenience.

This ESG Report was prepared in both English and Chinese. Should there be any discrepancy between the different language versions, the Chinese version shall prevail.

III. SUSTAINABILITY MANAGEMENT

In the ever-evolving energy industry landscape, robust governance mechanism is a cornerstone for enhancing corporate competitiveness and achieving sustainable development. The Group deeply recognises the significance and continuously optimises its governance structure to uphold the highest standards of governance practices. Sustainability concepts are deeply embedded in the Group's operational management model, enabling the Group to proactively address energy transition and market challenges. By developing a comprehensive risk management system, the Group integrates its ESG strategy into its business blueprint to drive low-carbon transformation and green growth objectives. Since its establishment, the Group has consistently adhered to responsible business principles, dedicating itself to energy sectors and delivering high-quality products and services to meet market demands and stakeholder expectations.

In terms of sustainability governance, the Group adopts a "top-down" management strategy to ensure the effective implementation of policies and initiatives across its operations. As the top leadership, the Board of Directors (the "**Board**") assumes overall responsibility for overseeing ESG-related matters. Through effective internal communication and collaboration mechanisms, the Board ensures both management and frontline employees actively participate in sustainability practices. Leveraging its extensive experience in the energy industry, the Board actively responds to national sustainability policies and leads the Group in formulating and implementing efficient sustainability policies to contribute to the sustainable future of the industry.

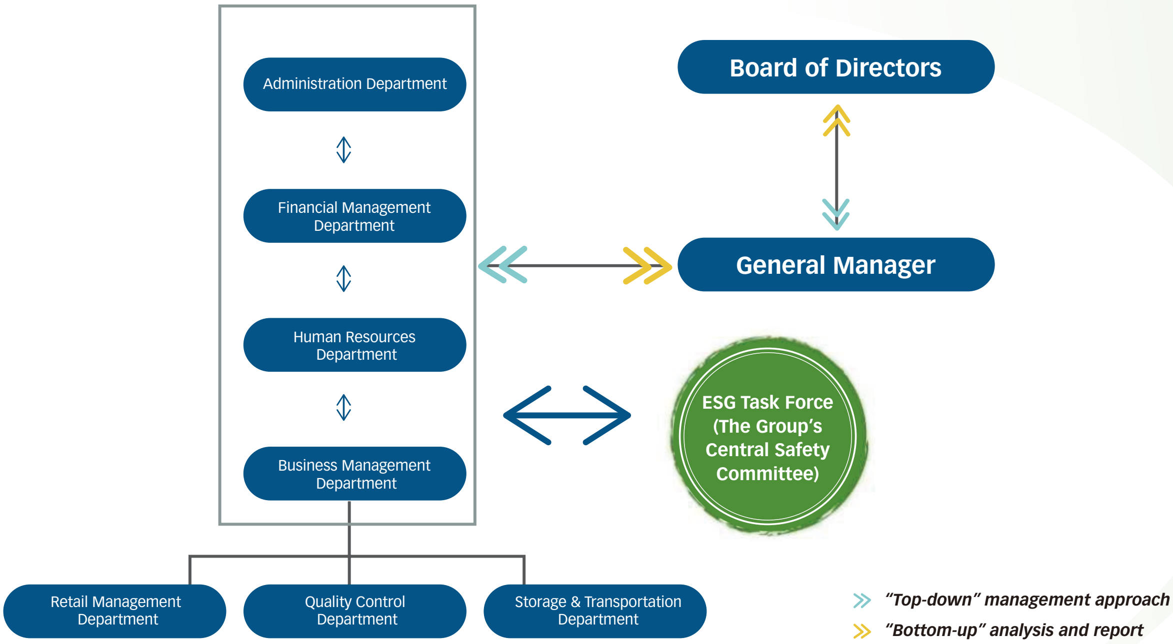
The Group has established the Central Safety Committee, composed of company's president, vice president, and managers from various business department, to comprehensively advance the Group's ESG management. The core responsibilities of the Central Safety Committee include:

- Formulate relevant policies, principles, and targets based on the Group's material issues;
- Coordinate internal ESG management efforts and strengthen cooperation with external sustainability consultants and key stakeholders;
- Monitor the implementation progress of ESG policies across the Group's subsidiaries to ensure planned activities are executed;
- Regularly report to the Board on the execution and progress of sustainability policies;
- Periodically review the Group's ESG performance, identify gaps and determine improvement directions to develop specific measures;

- Oversee the fulfilment of safety, health, and environmental responsibilities by affiliated organisations;
- Assess the achievements of subcommittees to ensure they fulfil their functions;
- Establish and optimise the ESG organisation and safety management mechanisms;
- Review and approve ESG management regulations and procedures;
- Conduct in-depth research and review of major ESG management issues, such as safety and environmental protection;
- Closely monitor ESG regulatory updates to ensure compliance across all operational regions; and
- Continuously track and learn about the latest developments in the ESG field, summarise best practices, and communicate the excellent ESG management methods and industry benchmarks throughout the Group.

The Central Safety Committee regularly communicates ESG-related information and provides recommendations to the Board through briefings or written submissions. Additionally, the Central Safety Committee conducts comprehensive review and evaluation of the Group's ESG performance and progress twice a year. Based on the review results, ESG issues are categorised, prioritised, and ranked in terms of materiality, with specific improvement recommendations proposed. These outcomes provide support for the Group's strategic planning and target management in the next stage. The evaluation results are reported to the Board, serving as an important reference for decision-making.

Based on feedback from management, the Central Safety Committee, and external professional groups, the Board identifies and forecasts significant ESG risks that may impact the Group's business through expert interviews and other methods. Drawing on historical data and the current landscape, the Board conducts in-depth assessments of the potential impacts of these risks over different time horizons, providing insights and mitigation directions. The management continuously tracks KPIs across business units to monitor and report to the Board on the sustainability progress and the effectiveness of risk management measures. For example, the Board places great emphasis on employee safety and health, issuing "Implementation Plans for Optimising Safety Management in the Marketing Section of the Group", which clearly defines the responsibilities of each party and the performance review processes. By enhancing risk identification and prevention mechanisms, the Group aims to minimise potential safety hazards. In addition, an efficient tracking system is established to dynamically monitor improvements in the Group's safety management standards, supporting the Group's steady progress towards its sustainability objectives during the transformation process.



The Group upholds the sustainable management approach of "Safety, Effective Prevention, Health Protection, Environmental Improvement, People-Oriented, Sustainable Development". At the beginning of each year, the Group reviews and updates its targets and indicators related to operational safety, service quality, and other aspects based on the Target and Indicator Management System. The goals are then refined in a "top down" manner from the top management to each business unit, ensuring seamless alignment between planning and execution. Regular monitoring and reviews are conducted to drive continuous optimisation of the management system.

Looking ahead, the Group will continue to strengthen cooperation with its upstream and downstream partners and enhance the sustainable development management system through resource sharing and collaborative innovation. The Group aims to achieve both economic and environmental benefits while promoting energy structure transformation.

Board Responsibility

The Board of the Group fully acknowledges its responsibility to oversee and ensure the sustainable development of the Group, as well as its capability to address diverse risks. As the main vigilance and the guardian of the enterprise long-term value, the Board assumes the responsibility of driving sustainable development by integrating sustainability principles into the Group's long-term strategy, ensuring that all employees conduct business activities under the guidance of ESG principles. The major responsibilities of the Board include:

- Oversee the Group's environmental and social impact assessment, with effective supervision of identified material ESG risks;
- Formulate sustainable development strategies and targets while understanding the short-, medium-, and long-term impacts of ESG policy changes on the Group's business model;
- Review and verify the Group's ESG materiality assessment results to ensure the accuracy and effectiveness of information disclosure; and
- Advocate a "top-down" sustainable development culture by incorporating ESG considerations into business planning and decision-making processes.

IV. STAKEHOLDER ENGAGEMENT

The Group deeply recognises that effective stakeholder engagement is the cornerstone of driving its sustainability strategy. It plays a vital role in enhancing transparency, promoting open and informed communication, and sharing sustainability achievements. To this end, the Group is committed to maintaining close communication with its key stakeholders through diverse communication channels. The Group strives to gain in-depth insights from the unique perspectives of different stakeholder groups, ensuring the business operations align with their concerns.

The Group's communication strategy is designed to promptly capture market trends and emerging risks and opportunities, further optimising the business model to respond flexibly to the rapidly changing external environment and enhance competitiveness. Over the years, the Group has established stable communication mechanisms and mainly uses the following channels to maintain long-term interaction with its stakeholders:

Types of Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	• Compliance with laws and regulations • Anti-corruption policies • Occupational health and safety • Optimisation of the emergency management systems • Be the industry role model and lead the industry towards sustainable development • Establish sound corporate operating mechanisms and long-term plans for sustainable development	• Supervision on the compliance with local laws and regulations • Regular reports and tax payments • Response to policy documents issued by the government • Roundtable discussions • Symposium
Shareholders	• Returns on investment • Corporate governance • Business compliance • Upheld of the corporate culture and operation concept of "Safety, Effective Prevention, Health Protection, Environmental Improvement, People-Oriented, Sustainable Development"	• Regular corporate reports and announcements • General meetings • Official website of the Group
Employees	• Employee remunerations and benefits • Career paths and training schemes • Healthy and safe workplaces • Provide employment and learning opportunity for the unemployed to serve the community • Optimise the efficient operation of the management system • Data security and systematic risk management	• Employees' performance appraisals • Regular meetings and training • Emails, notices, hotline, and team building activities with the management • Online questionnaires • Written evaluation and feedback • Group discussions

Types of Stakeholders	Expectations and Concerns	Communication Channels
Customers	• Price and quality assurance • Product safety and risk control • Strengthened actions to protect environment	• Customer satisfaction surveys • Face-to-face meetings and onsite visits • Customer service hotline and emails
Suppliers	• Fair and open procurement • Win-win cooperation with upstream and downstream partners • Supply chain risk management	• Open tender • Suppliers' satisfaction surveys • Telephone discussions • Face-to-face meetings and onsite visits • Industry seminars • Written evaluation and feedback
Professional organisation	• Improve the sustainable development system • Fulfil environmental and social responsibilities	• Telephone discussions • Online surveys • Meetings (informal or annual general meetings)
Media	• Cater to the trend of national energy development to explore new energy • Protect rights and interests of employees • Protect privacy and right of customers • Support environmental protection and public welfare of the local community	• Press conferences • Social media platforms
General public	• Engagement in community activities • Business compliance • Conformation to business ethics • Environmental protection awareness • Prioritise cyber security and systematic risks prevention	• Media conferences and response to enquiries • Public welfare activities • Face-to-face interviews

Materiality Assessment

The Group upholds the Materiality principle as the core guiding approach of its ESG management. Through annual reviews, the Group gains a comprehensive understanding of its stakeholders' concerns and expectations regarding ESG matters. In FY2024, to facilitate a fair and objective assessment, the Group engaged an external organisation to assist in designing and conducting the materiality assessment survey. Based on the influence and dependency of stakeholders on the Group's business, internal and external stakeholder representatives were selected to participate in the assessment.

The Group invited stakeholder representatives to complete an online questionnaire, scoring a range of corporate ESG management topics and providing recommendations. Based on the response, the Group conducted data analysis and adjustments, mapping out a materiality assessment matrix and identifying material ESG issues that have significant impacts on its operations.

The Group adopts a systematic process involving identification, prioritisation, and verification. The process strictly follows the Materiality principle to manage and disclose relevant sustainability issues.

(1) Identification

With reference to ESG guidelines and internationally recognised reporting frameworks, the Group comprehensively analysed and identified 28 sustainability issues related to the Group's environmental and social impacts, taking into account the latest sustainability trends.

1 Greenhouse gas ("**GHG**") emissions
2 Energy management
3 Water and wastewater management
4 Solid waste stewardship
5 Climate change mitigation and adaptation
6 Renewable and clean energy
7 Labour practices
8 Employee remunerations and benefits
9 Occupational health and safety
10 Employee development and training
11 Green procurement
12 Engagement with suppliers
13 Environmental and social risk management of supply chain
14 Supply chain resilience
15 Product/service quality and safety
16 Customer privacy and data security
17 Marketing and promotion
18 Intellectual property rights
19 Labelling relating to products/services
20 Business ethics and anti-corruption
21 Internal grievance mechanism
22 Participation in philanthropy
23 Cultivation of local employment
24 Support of local economic development
25 Business model adaptation and resilience to environmental, social, political, and economic risks and opportunities
26 Management of the legal and regulatory environment (regulation-compliance management)
27 Critical incident risk responsiveness
28 Systemic risk management (e.g. financial crisis)

(2) Prioritisation

The Group invited its internal and external stakeholders, including management, general employees of each business segment, suppliers, and representatives from government agencies, to complete the online questionnaire. The ESG topics are categorised into five key aspects: Environmental Impact, Employment and Labour Practices, Operating Practices, Community Investment, and Leadership and Governance. By consolidating the data collected during the process, the Group identified the material ESG issues for its business operations and presented the survey results in the materiality matrix as shown below.

Stakeholder Engagement Materiality Matrix

Based on the result of the materiality matrix, the Group identified six ESG issues that are of great significance to the Group and its stakeholders, namely "Business ethics and anti-corruption", "Internal grievance mechanism", "Business model adaptation and resilience to environmental, social, political, and economic risks and opportunities", "Management of the legal and regulatory environment (regulation-compliance management)", "Critical incident risk responsiveness" and "Systemic risk management".

(3) Verification

The results of the materiality assessment were reviewed and approved by the Board, serving as the cornerstone of the Group's overall ESG management. This approach not only enables the Group to objectively identify and prioritise the most critical sustainability issues but also provides clear direction for formulating management policies and measures. Meanwhile, other relevant important issues are also discussed in different sections of this ESG report.

Sustainable Development Goals ("SDGs")

In addition to the material issues, the Group actively aligns with global sustainable development trends. Through in-depth engagement with stakeholders, the Group conducted surveys and analyses the United Nations SDGs. By setting clear objectives and implementing concrete actions, our Group actively responds to the United Nations' call to eliminate poverty, protect the environment, and promote shared peace and prosperity.

Based on the assessment results of its stakeholders, the Group has determined Goal 3, Goal 4, Goal 7, Goal 8, and Goal 17 as the core focus areas for its future sustainability initiatives, further driving long-term value creation and social progress:

- Goal 3: Good health and well-being – "Ensure healthy lives and promote well-being for all ages."

- Goal 4: Quality education – "Receiving high-quality education is the foundation of improving people's lives and achieving sustainable development."

- Goal 7: Affordable and clean energy – "Ensure universal access to affordable, reliable, sustainable, and modern energy."

- Goal 8: Decent work and economic growth – "Promote inclusive and sustainable economic growth, adequate and productive employment and decent work for everyone."

- Goal 17: Partnership for the goals – "Strengthen the sustainable development implementation and revitalise the global partnership for sustainable development."

In response to stakeholders' concerns regarding the SDGs, the Group benchmarks against global SDGs and best practices. Under the leadership and supervision of the Board, the Group is dedicating to allocating more efforts and resources to the following areas:

Prioritised SDG	Corporate Action Direction and Target	Corporate Policy, Activity and Advocated Development
3 GOOD HEALTH AND WELL-BEING	• Strive to achieve "Zero Accident" and foster a strong safety culture within the Group • Require all levels of the Group to take safety policies as guidance, proactively identifying, assessing, mitigating, and controlling hazards and risks related to occupational health and safety during operations, while improving relevant policies and management systems • Respond to national calls by fully supporting economic and social development	• Implement policies such as "Safety Management Red Lines", "Hazardous Waste Management Procedures", "Implementation Plans for Optimising Safety Management in the Marketing Section", and "Occupational Health Management System" • Incorporate training on occupational disease-related knowledge into the annual plans of units at all levels, and organise regular training • The Safety and Environmental Protection Department regularly conducts inspections and supervises relevant departments to implement occupational health and safety policies
4 QUALITY EDUCATION	• Establish a training and development centre, set up an online training platform and build a professional instructor mechanism based on the principle of "Consolidating Corporate Culture, Being Customer-Oriented, Improving Professional Quality, Enhancing Core Competitiveness of Corporate Talents" • Promote the concept of sustainable development through training, fostering innovative thinking and a green development mindset	• Provide an online training platform to encourage employees to learn independently and enhance their professional knowledge and skills • Improve and implement internal training policies, such as the "Training Management Program", to standardise corporate training • Develop diversified training courses, covering key topics such as "Principle of Customer Reception and Complaint Handling", "Training on Fire-related Knowledge (including the use and management of firefight equipment)", "Investigation and Remediation System of Potential Accident of Safety Production", "Refuelling Operation Procedures Training", and "Safety Code for Electrical Explosion Protection in Hazardous Places"

Prioritised SDG	Corporate Action Direction and Target	Corporate Policy, Activity and Advocated Development
7 AFFORDABLE AND CLEAN ENERGY	• Enhance energy efficiency through technological innovation, business expansion and process standardisation while actively explore renewable energy solutions	• Encourage the installation of solar panels in suitable areas for power generation • Continuously optimise data tracking system to enhance transparency in energy consumption and intensity information • Set specific energy saving and emission reduction targets with quantitative metrics and implementation timelines
8 DECENT WORK AND ECONOMIC GROWTH	• Enhance economic productivity through diversification, innovation, and technological upgrade • Safeguard labour rights, firmly prohibit child labour and forced labour, and provide employees with a safe and healthy working environment	• Continue to invest resources and manpower to explore clean energy applications and improve technology and service quality • Comply with the "Labour Law of the People's Republic of China" and other related labour laws and regulations to safeguard the legal rights and interests of workers • Strictly implement internal safety and health policies and prioritising employee health and safety
17 PARTNERSHIPS FOR THE GOALS	• Strengthen collaboration with business partners on sustainability and product/service innovation through knowledge sharing and technical cooperation • Utilise the strengths as an industry leader to consolidate resources and initiate or participate in environmental, ecological and social development innovations	• Through internal and external cooperation with multiple parties, initiated and implemented the V20 project of ground-tank handover, achieving automatic extraction and informative control of business data of the oil import, sales, and storage activities • During the year under review, introduced non-inductive payment function for fuel dispensers and expanded electric vehicle charging facilities

Stakeholder Feedback

With the commitment to excellence, the Group welcomes stakeholders to provide valuable feedback on its ESG strategy and performance enhancement, particularly on the ESG issues that are of the most material as listed in the materiality assessment. Readers are also welcomed to share their views about ESG matters with the Group via the Group's email info@united-strength.com.

V. ENVIRONMENTAL SUSTAINABILITY

To actively respond to the national energy policy, the Group regards environmental sustainability as a core element of corporate development and is committed to optimising its energy consumption structure. The Group continuously improves its internal policies, procedures, and management measures to minimise environmental impacts during daily operations. Furthermore, the Group will continue to promote the optimisation and adjustment of the energy structure, exploring and adopting clean energy and green technologies to meet the growing energy needs of society while achieving long-term sustainable development of its business.

In FY2024, the Group strictly controlled its emissions and resource consumption, and complied with relevant environmental laws and regulations in its daily operations, including but not limited to:

- Environmental Protection Law of the People's Republic of China;
- Environmental Impact Assessment Law of the People's Republic of China;
- Water Pollution Prevention and Control Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste;
- Energy Conservation Law of the People's Republic of China;
- Regulations of Jilin Province on Ecological Environment Protection; and
- Measures for the Administration of Hazardous Waste Transfer Forms.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources, and climate change in FY2024.

A.1 Emissions

In FY2024, the Group's main emissions included air and GHG emissions, non-hazardous wastewater, and non-hazardous solid waste. The Group did not generate significant amount of hazardous waste in FY2024. During the year under review, the Group was not in violation of any laws and regulations that had significant impacts on the Group during its daily operations, including air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous solid waste, and noise. Adhering to the development philosophy of "Innovation, Coordination, Greenness, Openness, and Sharing", the Group has established and enforced internal policies and governance guidelines to promote energy conservation, emission reduction, and efficient resource utilisation.

Given the nature of the Group's business, the Group's air emissions mainly included sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**"), and particulate matter ("**PM**") generated during the transportation process of logistics vehicles. GHG emissions mainly arise from the combustion of fossil fuels of transportation vehicles and electricity consumption of office operations. Table 1 below summarises the Group's total emissions in FY2024.

To effectively manage and mitigate the potential environmental impacts of daily operations, the Group's functional departments are responsible for identifying and monitoring operational impacts. Specifically, the Safety and Environmental Department formulates and strictly implements internal policies such as the "Hazardous Waste Management Procedure", enhancing the management and maintenance of environmental protection equipment to ensure that oil and gas refuelling station operations comply with local environmental requirements. The Group also engages qualified external professional organisations to collect and properly dispose of hazardous waste generated during operations.

In transportation business, the Storage and Logistics Department strictly controls vehicle safety and environmental practices in accordance with national laws and regulations, ensuring that emissions meet national environmental standards. The department prioritises fuel that meets environmental protection standards while actively exploring application of clean energy.

Table 1 – The Group's Total Emissions by Category in FY2024 and FY2023[8]

Emission Category	KPI	Unit	Amount in FY2024	Intensity in FY2024[1] (Unit/employee)	Intensity in FY2023[2] (Unit/employee)
Air Emissions[3]	SO_X	kg	93.3	0.07	0.05
	NO_X	Kg	88,083.3	64.06	49.81
	PM	Kg	6,334.0	4.61	3.58
GHG Emissions	Scope 1[4] (Direct Emissions)	Tonnes of CO_2e	15,347.6	11.16	8.68
	Scope 2[5] (Energy Indirect Emissions)	Tonnes of CO_2e	4,670.2	3.40	2.52
	Scope 3[6] (Other Indirect Emissions)	Tonnes of CO_2e	20.4	0.01	0.02
	Total (Scope 1, 2 & 3)	Tonnes of CO_2e	20,038.3	14.57	11.22
Non-hazardous Waste	Solid Waste	Tonnes	122.8	0.09	0.14
	Wastewater[7]	Tonnes	8,369.0	6.09	7.04

1. *Intensity of FY2024 was calculated by dividing the amount of air, GHG, and other emissions by the number of employees of the Group as of the end of FY2024, which was 1,375;*

2. *Intensity of FY2023 was obtained from the "Environmental, Social and Governance" section in the Group's 2023 Annual Report;*

3. *Air emissions only included the Group's air pollutants generated from the mobile combustion of fuel and the stationary combustion of natural gas for heat supply in FY2024;*

4. *The Group's Scope 1 (Direct Emissions) only included emissions arose from the consumption of fossil fuels in transportation vehicles and oil depot generators and the burning of coal, as well as the GHGs removed by the trees planted by the Group since its establishment;*

5. *The Group's Scope 2 (Energy Indirect Emissions) included only the emissions arose from electricity consumption;*

6. *The Group's Scope 3 (Other Indirect Emissions) included only the emissions arose from paper waste disposed of at landfills and electricity used for processing fresh water and sewage by government departments;*

7. *The total amount of non-hazardous wastewater generated by the Group included domestic and commercial wastewater; and*

8. *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by SEHK, the IPCC Emission Factor Database, EMEP/EEA Air Pollution Emission Inventory Guidebook 2019 and Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide.*

Air Emissions

The air emissions generated by the Group primarily stemmed from exhaust gas emitted during the operation of transportation vehicles, along with minor gas leakages that may occur during refuelling processes. In FY2024, the Group mainly consumed diesel and gasoline as vehicle fuels. In response to national energy conservation and emission reduction policies, the Group has implemented relevant measures, including encouraging employees to choose cleaner energy sources as vehicle fuels and exploring the application of renewable energy vehicles, striving to keep air emissions at a low level.

Furthermore, the Group applied innovative technologies to purify vehicle air emissions, such as utilising nitrogen oxide reducing agents to reduce NO_x in exhaust gas. The Group monitors and manages the logistics fleet, conducting regular maintenance to ensure the efficiency of vehicle operations. Based on this, a standardised management system and incentive mechanism have been established to regularly review vehicle fuel consumption and encourage drivers to maintain good driving habits, thereby further enhancing energy efficiency.

Given that that refined oil and natural gas involved in logistics transportation are volatile substances, the Group selects specialised vehicles for transportation during procurement, equipped with environmentally compliant sealing valves and gas recovery devices to effectively mitigate environmental impacts. Regular inspections were conducted in accordance with national standards to ensure the specialised vehicles met regulatory requirements. For gas refuelling station business operations, employees were required to strictly adhere to operating procedures.

As a result of the increase in transportation business activities and natural gas heating from stationary sources, the Group's SO_x, NO_x and PM emissions showed an increase trend in FY2024 as compared with that of the financial year ended 31 December 2023 ("**FY2023**").

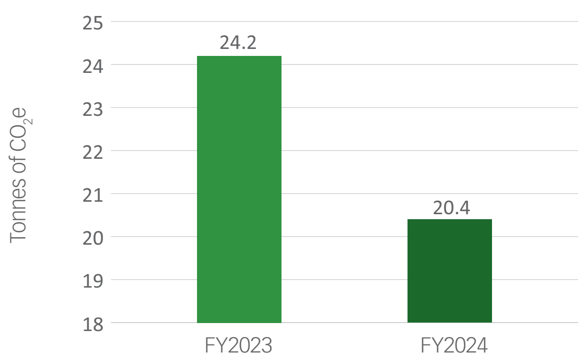
GHG Emissions

At this critical juncture in the global fight against climate change, the 29th United Nations Climate Change Conference underscored the urgency and importance of accelerating GHG emissions reduction. In response to this challenge, the Group deeply recognises its significant responsibility in achieving low-carbon development and has adopted the "Dual Carbon" goals as a key guiding principle for its future business development.

The Group supports green policies and actively participates in relevant initiatives, taking actions to reduce its carbon footprint during operations. To achieve this goal, the Group collaborates with external experts to comprehensively measure, analyse, and rigorously manage GHG emissions arising from its business activities, thereby formulating practical emission reduction plans. In FY2024, the Group's primary sources of GHG emissions were purchased electricity and vehicle operations. Since its establishment, the Group has implemented internal energy policies, optimised energy efficiency, and strengthened transport fleet management to ensure effective control of carbon emissions. Specific policies and measures are discussed in detail in the subsections "**Electricity**" and "**Other Energy Resources**".

In FY2024, the Group's GHG emission pattern was dominated by Scope 1 (Direct Emissions) and Scope 2 (Energy Indirect Emissions), accounting for over 99% of its total GHG emissions. Due to increased business activities, the total GHG emissions in FY2024 rose by approximately 20% compared to FY2023, with Scope 1 and Scope 2 emissions increasing by around 18% and 24%, respectively, while Scope 3 emissions decreased by 15%. The Group remains committed to implementing a range of energy-saving and emission reduction measures in its daily operations while exploring innovative technologies to support its long-term carbon neutrality objectives.

The Group's Scope 3 GHG Emission in FY2024 and FY2023



Wastewater

The wastewater discharged by the Group in FY2024 was mainly domestic and commercial wastewater, all of which complied with national and local regulatory standards. Adhering to the concept of circular economy, the Group is committed to the efficient utilisation and sustainable management of water resources. For example, part of wastewater was discharged into anti-seepage tanks for reuse, with regular extraction and treatment. The decomposed organic matter was utilised as fertiliser, thereby achieving resource recycling. To foster good water-saving habits among employees, the Group has stipulated water and electricity management measures to strengthen water conservation awareness at an institutional level and promote water-saving actions in daily operations. In addition, the Group ensures that all wastewater discharge must meet relevant national standards to minimise adverse impacts on the ecological environment.

In FY2024, the amount of wastewater discharged by the Group recorded a notable 20% decrease compared to the previous financial year. As wastewater discharge largely depends on freshwater consumption, the Group has taken various measures to reduce water consumption during daily operations. Relevant practices are discussed in the subsection "**Water**".

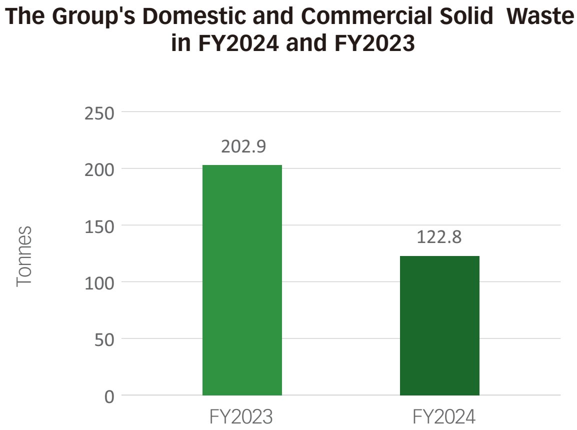
Solid Waste and Others

The solid waste generated by the Group was mainly composed of non-hazardous waste, including domestic and commercial solid waste, as well as packaging materials from convenience store operations at refuelling stations. A waste classification management system has been implemented to ensure different types of waste are properly treated in a standardised manner. Classified waste is uniformly collected and handled by government agencies, further enhancing the recycling rate of materials. Regarding the transportation business, the Group advocates and implements the "3R Principle – Reduce, Reuse and Recycle", promoting a green and circular operational model. For example, the Group encourages the reuse of packaging barrels and oil barrels to minimise solid waste generation at source. Meanwhile, to support "Action Plan for Grain Conservation and Anti-Food Waste", the Group actively promotes the "Reduce Food Waste" culture in its canteen by encouraging reasonable portioning and the use of public chopsticks to reduce food waste and plastic waste.

The Group has formulated and implemented "Hazardous Waste Management Procedure", clarifying the responsibilities of each department and relevant personnel in managing waste mineral oil. In accordance with the "Measures for the Administration of Hazardous Waste Transfer Forms", the Group entrusted qualified independent organisations to handle the transfer and proper disposal of waste.

In logistics operations, the Group strictly manages waste generated during vehicle maintenance and inspections, such as used parts and engine oil. Designated storage areas and dedicated personnel are assigned to manage waste parts, which are subsequently handled by professional recycling units to ensure optimal utilisation of material. To further lower the amount of discarded parts, the Group emphasises on the routine vehicle maintenance and servicing to minimise parts replacement due to wear and tear.

Driven by the Group's waste reduction initiatives and resource recycling programmes, the total amount of non-hazardous solid waste generated by the Group decreased significantly by 39% compared to FY2023. Looking ahead, the Group will continue to advance source reduction programmes, actively introduce intelligent waste management technologies, and enhance environmental awareness among all employees, striving to achieve waste reduction, resource recovery, and harmless disposal.



A.2 Use of Resources

In FY2024, the Group mainly consumed electricity, diesel, gasoline, natural gas, coal, water and paper. To mitigate the risk of fuel leakage, the Group strictly selected and classified product storage and transportation containers, ensuring compliance with the latest safety and environmental standards. For instance, the Group uses liquefied natural gas ("**LNG**") storage tanks for LNG, gas cylinder groups for compressed natural gas ("**CNG**"), and liquefied petroleum gas ("**LPG**") storage tanks for LPG, thereby enhancing the safety and environmental performance of storage and transportation processes.

To address the potential impact of oil and gas volatilization on air quality, the Group has implemented a series of measures, including introducing oil and gas recovery system to ensure effective recovery of gases. Additionally, the Group conducts regular inspections and maintenance of fuel vapour recovery equipment to ensure the system operates stably and efficiently over the long term. During the year under review, the Group did not consume significant amount of packaging materials, thus related content is not disclosed in this ESG Report. Table 2 illustrates the amount of different resources consumed by the Group in FY2024.

Table 2 – The Group's Total Resource Consumption in FY2024 and FY2023

Use of Resources	KPI	Unit	Amount in FY2024[1]	Intensity in FY2024[2] (Unit/ employee)	Intensity in FY2023[3] (Unit/ employee)
Energy	Electricity	'000 kWh	7,654.8	5.57	4.12
	Diesel	L	5,739,866.0	4,174.45	3,244.80
	Gasoline	L	54,659.0	39.75	33.60
	Coal	Tonnes	28.0	0.02	0.02
	Natural Gas[4]	m^3	4,500.0	3.27	0.03
	Total	'000 kWh	69,831.3	50.79	39.29
Water	Water	m^3	14,946	10.9	10.6
Others	Paper	kg	3,208	2.3	2.2

1. *The resource consumption in FY2024 included consumption from the Group's office operations, gas refuelling stations, petroleum refuelling stations, mixed (gas and petroleum) refuelling stations that operated by the Group in FY2024 and transportation fleet;*

2. *Intensity of FY2024 was calculated by dividing the resource consumption of the Group in FY2024 by the number of employees as of the end of FY2024, which was 1,375;*

3. *Intensity of FY2023 was obtained from the "Environmental, Social and Governance" section in the Group's 2023 Annual Report; and*

4. *Natural gas consumption in FY2024 only covered the amount of natural gas used for on-site heating.*

Electricity

The Group's electricity consumption mainly resulted from the daily operations of offices and various business segments, including oil dispensers, gas dispensers, and ancillary equipment. To ensure resource efficiency, all business units under the Group complied with relevant laws, regulations, and electricity-saving policies. The electricity consumption intensity of the Group in FY2024 increased by 35% compared to FY2023, reaching 5.57 '000kWh/employee. This trend resulted from increased operational activities during the review period. The acceleration of digital transformation has also led to a higher demand for electricity.

Recognising that electricity consumption is closely related to Scope 2 indirect GHG emissions, the Group has been actively implementing energy saving measures and incorporating the concept of "Saving Electricity" into its business development and daily operations. The Group has adopted a series of specific measures to regulate electricity consumption practices across its subsidiaries, oil refuelling stations and gas refuelling stations. Specific measures include:

- Switch off some lifts and escalators during non-peak hours to reduce unnecessary electricity consumption;

- Set air conditioning temperatures according to the seasons and weather conditions (e.g., not lower than 22 degrees Celsius in summer and not higher than 24 degrees Celsius in winter);

- Regularly inspect and maintain electrical appliances (e.g., air conditioners and shredders) to reduce additional energy consumption due to ageing or malfunctioning;

- Replace traditional energy-intensive appliances with energy-saving products (e.g., LED lights);

- Prioritise the procurement of energy-efficient and environmentally friendly products;

- Place "Save electricity, turn off the light when leaving" posters in prominent places to remind employees to conserve energy;

- Organise regular energy-saving training and promotional activities to enhance employees' environmental awareness and participation;

- Encourage employees to open curtains whenever feasible to make the full use of natural light; and

- Actively assess the potential for renewable energy applications, such as installing the solar panels in suitable areas.

Other Energy Resources

The energy resources consumed by the Group during daily operations and vehicle transportation were mainly diesel and gasoline, used for business travel and product transportation. The Group also consumed natural gas and coal as sources for on-site heating. In response to energy transformation and to reduce reliance on fossil fuels, the Group actively promotes the use of clean energy, including natural gas, in the transportation sector, while focusing on improving the operational efficiency of its fleet. In FY2024, the Group implemented a series of comprehensive measures to reduce fossil fuel consumption, including:

- The Storage and Transportation Department of the Group's transportation business establishes scientific and reasonable vehicle fuel consumption standards, and regularly reviews vehicle mileage and fuel usage;

- Require drivers to turn off engines when parked and strengthen the supervision of energy consumption during transportation to avoid unnecessary fuel waste;

- Plan and adopt fixed, shortest, and most energy-efficient driving routes;

- Encourage all units to update or transform coal-based boilers to reduce pollution coal burning at source;

- Encourage employees to choose more environmentally friendly commuting options (e.g., public transportation or walk); and

- Use electronic devices and technological tools for online meetings to reduce unnecessary business travel.

In FY2024, the Group's diesel and gasoline consumption increased compared to FY2023, primarily due to the growth in transportation services driven by higher sales volume. Looking ahead, the Group will continue to explore innovative technologies and energy-saving solutions to accelerate the transition towards a low-carbon operating model, contributing to the national carbon neutrality target.

Water

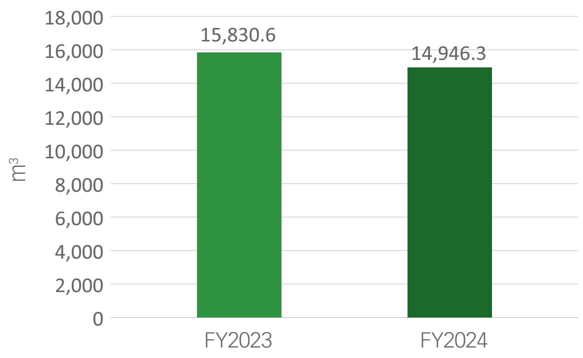
Water resources are strategic assets supporting the sustainable development of the economy and society. In active response to the national requirements outlined in the "14th Five-Year Plan for the Construction of a Water-saving Society" and the "Regulations on Water Conservation", the Group has further enhanced its water-saving measures during the year under review. The Group continues to promote employees' awareness and skills in water saving, striving to foster a corporate culture focused on water conservation. During the year under review, the Group did not face any issues in sourcing water fit for its purpose.

Guided by the development principle of "Improving Water Resource Usage Efficiency and Seeking Sustainable Use of Water", the Group has incorporated the concept of water conservation into various aspects of its business operations. For instance, the Group has regulated vehicle washing water usage in transportation business by requiring the use of bucket and brush methods instead of running water, significantly reducing water consumption. Moreover, the Group has taken the following actions to fully improve water efficiency:

- Strengthen regular inspections and maintenance of faucets, water pipes, and other water storage devices;
- Raise employees' awareness of water conservation through regular education and internal training;
- Place "Water Conservation" labels in prominent places to remind employees to adopt water-saving habits; and
- Formulate water conservation policies for all employees and set water usage targets to encourage employee participation in water-saving initiatives.

Through the continuous implementation of the aforementioned measures, the Group achieved a reduction in water consumption of approximately 6% in FY2024 compared to the previous year. Looking ahead, the Group will continue to promote the application of innovative water-saving technologies and gradually expand the scope of water recycling to further enhance water efficiency and sustainability performance.

The Group's Water Consumption in FY2024 and FY2023



Paper

In FY2024, the Group continued to deepen its commitment to green and low-carbon operations by actively promoting "Paperless Office" and "Automation Office" practices across the value chain to achieve extensive environmental benefits. The Group not only focuses on internal paper-saving practices but also actively encourages its suppliers and customers to join hands in promoting the sustainable use of resources.

During the year under review, the Group further improved and introduced paper-saving practices and measures, including:

- Place "Think Before Print" reminders to avoid unnecessary printing;
- Set printers to double-sided printing and economical mode by default, and prohibit single-page printing unless necessary to reduce paper consumption at source;
- Place dedicated paper recycling bins or trays to collect single-sided or discarded paper for internal reuse;
- Prioritise the purchase of paper made from recycled materials; and
- Widely adopt electronic platform systems to provide customers with convenient and environmentally friendly services, such as electronic invoices.

The Group's paper consumption in FY2024 remained at the same level as the previous year, effectively controlling paper usage in the face of increased business activities.

A.3 The Environment and Natural Resources

Amidst the global transformation of the energy landscape, the Group actively aligns with national energy policies to promote high-quality energy development and facilitate low-carbon transition of the economy and society, steadily advancing the "Dual Carbon" goals. In FY2024, the Group continued to optimise its energy structure, accelerate the development of the clean energy sector, and promote the integration of innovative technologies with emission reduction practices.

Specifically, the Group's impact on the environment and natural resources primarily stems from fossil fuel consumption by its fleet and electricity usage in daily operations. To better adapt to the evolving market environment, the Group has integrated green development into its strategic planning. Based on its historical performance, the Group has reviewed and updated its environmental targets as follows.

Aspects	Targets	Plans and Action Case Studies
Air pollutants	• Reducing air emissions by 20% in 5 years with FY2020 as the baseline year	• Actively promote the application of clean energy in the fleet • Enhance the monitoring and management of recovery systems used for refined oil and natural gas transportation, while gradually upgrading coal-based boilers

Aspects	Targets	Plans and Action Case Studies
GHG Emissions	• Reducing Scope 1 and Scope 2 GHG emissions by 25% in 10 years with FY2020 as the baseline year	• Explore the transition to clean energy vehicles • Promote boiler upgrades and electricity-saving measures to achieve synergistic benefits in pollution and carbon reduction
Solid Waste Management*	• Reducing the amount of non-hazardous solid waste emission by 20% in 10 years with FY2022 as the baseline year • There are no events impacting the environment caused by waste management during the reporting year	• Encourage all units to conserve resources by prioritising the reuse of office supplies where feasible, thereby reducing waste generation • Strengthen the development of waste management systems, clarifying accountability and standardised implementation, while enhancing daily supervision and inspection efforts
Water Resources	• Control the water intensity at 7.5 m^3/employee in 5 years with FY2020 as the baseline year	• Conduct regular inspections of water supply systems to promptly identify and repair water leakage • Provide employees with water conservation education and raise their environmental awareness through initiatives such as water-saving campaigns.
Energy Efficiency	• Reduce the use of electricity and fossil fuels by 25% in 10 years with FY2020 as the baseline year	• Promote the transition towards clean energy and new energy vehicles with carbon reduction as the core target • Gradually replace energy-intensive equipment with energy-saving equipment • Enhance collaboration among business units and departments to ensure effective implementation of energy-saving measures at all levels and stages

* *As FY2024 is the target year for waste management target, the Group has updated the target taking into account its historical performance.*

Since establishing its environmental goals, the Group has progressively implemented relevant measures to reduce its environmental footprint during operations. As of FY2024, the amount of SO_X emission decreased by 32% as compared with that of the financial year ended 31 December 2020 ("**FY2020**"), achieving the air pollutants reduction target. However, the amount of NO_X and PM emissions have increased, indicating the need for further emission reduction measures to ensure overall air quality improvement. Regarding GHG emissions, the Group's Scope 1 emissions increased by 72% compared to FY2020, while Scope 2 emissions decreased by 21%. The notable increase in Scope 1 emissions was primarily due to the improvement in data collection, with the inclusion of natural gas consumption for on-site heating in emissions calculations starting from FY2023. The Group is committed to taking further steps to reduce fossil fuel consumption and explore cleaner energy sources.

Furthermore, the amount of non-hazardous solid waste and wastewater discharge in FY2024 increased compared to the target year of the financial year ended 31 December 2019 ("**FY2019**") due to business expansion, while wastewater intensity decreased by 53%. The Group will strengthen waste reduction measures and upgrade its waste recycling and treatment systems. In water resource management, the Group's water consumption intensity in FY2024 was 10.9 m^3 per employee, falling short of the target of 7.5 m^3 per employee. The Group will further enhance water resource management efficiency by promoting water-saving technologies and increasing water recycling. As of FY2024, The Group's electricity consumption remained at same level compared to FY2020 baseline year, with only a slight increase of 0.5%. Meanwhile, gasoline consumption achieved a significant reduction of 27.8%, surpassing the target ahead of schedule. However, diesel consumption showed a notable upward trend compared to FY2020.

Overall, the Group has made remarkable progress in certain areas, even achieving some targets ahead of schedule. However, further improvement measures are needed in Scope 1 emission reduction, waste management and water conservation to achieve long-term sustainable development goals. Moving forward, the Group will strengthen the application of energy-saving and emission-reduction technologies, optimise resource management, and pursue a more sustainable operational model. In addition to implementing measures to effectively control the environmental impact of daily operations, the Group will integrate its environmental targets and indicators into the annual performance assessments of management. This approach will drive the effective execution of relevant measures and continuously improve the Group's overall environmental performance.

A.4 Climate Change

As one of the most pressing global challenges nowadays, climate change not only threatens the stability of ecosystems but also poses significant risks to the sustainable development of the economy and society. The Group fully recognises the urgency of addressing climate change and has proactively taken measures to mitigate climate-related risks, aiming to build a low-carbon and climate-resilient business model.

To better respond to this challenge, the Group has established a Risk Management Department with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") to assess climate risks and their potential impacts. In addition, adhering to the principle of "Forecast before risk, Manage the risk, Analyse after the risk", the Group continues to strengthen its risk management capabilities. The Group has actively analysed, identified and assessed the impact of climate-related physical and transition risks as well as opportunities on its business operations, as outlined in the table below.

Risk		Potential Impact
Physical Risk	• Increased severity and frequency of extreme weather events such as cold waves, blizzards and strong winds • Changes in precipitation patterns and increased severity of water shortages	• More frequent and intense extreme weather events may disrupt the Group's daily operations, causing infrastructure damage and supply chain interruptions, thereby affecting the supply and distribution of energy products • Since gas refuelling stations require stable water supply to support daily operations such as cleaning and equipment inspections, changes in precipitation patterns or even water scarcity could pose challenges to business operations
Transition Risk	• Changes in customer behaviour • Uncertain market signals • Increased costs of raw materials • Uncertainties of new technology	• These risks could adversely impact the Group's products/services and supply chain management, resulting in higher compliance costs or operating expenses • Uncertainties in the development of emerging technologies may hinder the Group from achieving the expected financial returns from its investments in these areas

Opportunity	Potential Impact
• Shift consumer preferences for green energy • Promote the development of diversified business models	• With the rapid growth in consumer demand and preference for green energy, the Group has transformed and integrated green development principles into its business strategy to build a responsible corporate image, enhance competitiveness and attract environmentally conscious investors • Taking the advantage of the China's strong support for clean energy development, the Group has leveraged its strengths to actively expand into diverse areas related to its core business, driving business upgrades. The Board actively seeks strategic partnerships, acquisitions, and opportunities to explore new energy sectors

To effectively address identified climate-related risks, the Group has implemented systematic management measures, including establishing the "Major Risk Emergency Management Mechanism" and "Severe Weather Emergency Management Measures". Meanwhile, the Group continues to invest resources in providing employees with professional environmental and emergency management training, enhancing the overall risk response capability of the organisation.

Based on the established KPI for energy management, the Group regularly reviews the effectiveness of its environmental practices and progress towards transitioning to a low-carbon, environmentally friendly model. The evaluation results are presented to the Board for review through the annual management reports. To ensure the professionalism and foresight of climate-related work, the Board is composed of relevant professionals and maintains a long-term, stable collaborations with external consultants. This approach ensures that the Board remains informed of the latest regulatory requirements and climate-related information, providing strategic guidance for the Group's low-carbon and green development.

In the future, the Group plans to set more ambitious climate targets and further enhance climate management through practical actions, making a positive contribution to global efforts in addressing climate change.

VI. SOCIAL SUSTAINABILITY

B.1 Employment

The Group firmly believes that employees are the core driving force behind corporate development. Therefore, the Group is committed to providing a stable, harmonious and inclusive working environment for its employees. The Group aims to protect the rights and interests of employees by fostering a corporate culture of mutual respect and trust. Meanwhile, the Group provides diverse career development opportunities for its employees, encouraging them to fully utilise their professional expertise, unlock their potential, and achieve long-term growth for both the organisation and individuals.

As of 31 December 2024, the Group had a total of 1,375 employees, including 918 males and 457 females, all of whom were full-time employees.

The Group's Employees Distribution in Gender and Age in FY2024

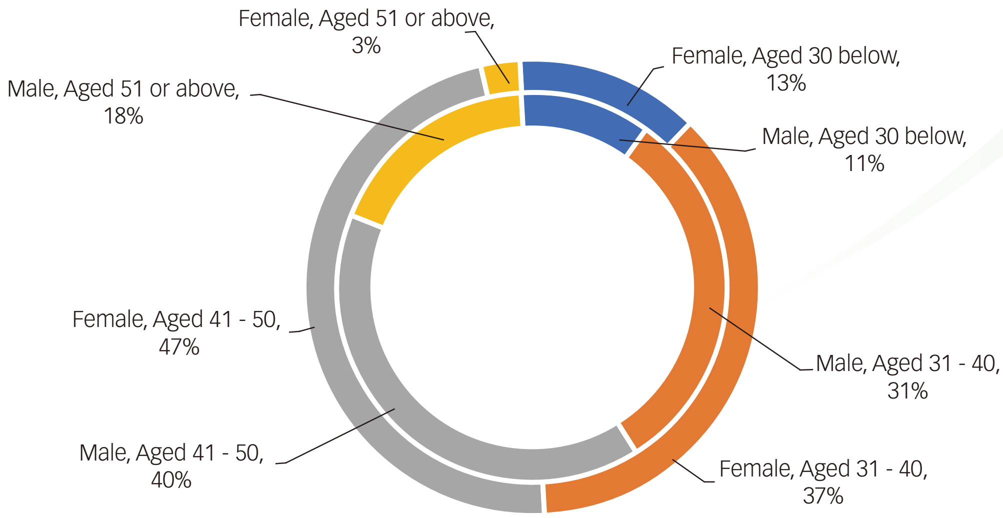


Table 3 – Total Number of Employees by Gender, Age and Geographical Location in FY2024[1]

Unit: Number of employees	Age Group				
Gender	Aged 30 or below	Aged 31–40	Aged 41–50	Aged 51 or above	Total
Male	104	289	363	162	918
Female	61	170	214	12	457
Total	165	459	577	174	1,375

Geographical Location	
Area	Number of employees
Changchun	859
Dandong	138
Wuchang	7
Jilin	40
Siping	5
Yanji	59
Dehui	9
Songyuan	12
Huadian	15
Meihe	5
Baicheng	16
Baishan	12
Jiaohe	6
Anshan	26
Wafangdian	8
Shenyang	129
Liaoyuan	17
Longjing	7
Huichun	5

1. *The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group within the reporting scope. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.*

Table 4 – Total Number of Employees by Position in FY2024[1]

Unit: Number of employees	Position			
Gender	General employees	Middle management	Senior management and Directors	Total
Male	857	42	19	918
Female	421	29	7	457
Total	1,278	71	26	1,375

1. *The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group within the reporting scope. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.*

Compliance

Since its establishment, the Group has continuously improved and updated its employment policies in response to social development and the latest legal requirements. In FY2024, the Group complied with relevant laws and regulations, including but not limited to:

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

To ensure that the Group's employment practices comply with the latest laws and regulations, Human Resources Department is responsible for regularly reviewing and updating internal policies while monitoring the implementation of relevant policies, including the "Employee Handbook" and "Employment Management Regulations". These policies provide clear guidance for employees on code of conduct, reward and disciplinary systems, personnel management, training and development, compensation structure, and promotion opportunities.

Recruitment and Promotion

The Group firmly believes that attracting and retaining top talent is essential for achieving sustainable business development. To this end, the Group adheres to its core philosophy of "people-oriented" and continuously optimises its compensation system. Through regular evaluations of employees' capabilities and performance, the Group ensures that the contributions and achievements of every employee are recognised. The Group follows internal policies, such as the "Employment Management Regulations" to standardise the recruitment process and adheres to the principles of "Open, Fair, Competitive, Merit-based". Clear guidelines are established regarding employment types, employment ages, medical examination requirements, insurance payments and reporting procedure. Additionally, the Group is committed to eliminating any form of employment discrimination, ensuring equal employment rights for all employees through diverse channels.

In FY2024, the Group deepened its collaboration with colleges and universities, successfully organising several campus recruitment events, including recruitment seminars in Changchun University, Harbin Institute of Petroleum and Jilin Institute of Chemical Technology, attracting numerous outstanding graduates to join the Group. The Group will continue to improve university-business collaboration mechanism, creating more communication platforms to attract new talents for the enterprise.

Upholding the principle of "Building the Employer's Brand and Enhancing the Overall Competitive Advantage of the Group", the Group adopts a strategy combining internal promotions and external recruitment to attract and retain outstanding talents. The Group provides fair and competitive remuneration packages and benefits based on candidates' performance, work experience, and career aspiration. Regarding employee development, the Group has established a clear promotion system, classifying employee grades into three levels (C, D, and E) in accordance with market standards and the regulations outlined in "Employee Handbook". Through annual performance reviews and competency evaluations, outstanding employees with high potential are provided with promotion opportunities. In addition, the Group encourages employees to pursue horizontal skill development and vertical promotion through self-learning.

Compensation and Dismissal

In accordance with the relevant laws of local jurisdictions, the Group regularly reviews and improves its remuneration system to ensure the fairness and competitiveness of its remuneration policies. Moreover, the Group conducts salary reviews and adjustments on a regular basis with reference to industry standards, taking into account factors such as the previous year's remuneration structure, operating performance, Consumer Price Index (CPI index), and market trends. This aims to fully acknowledge employees' contributions and boost team morale. In accordance with the "Employee Salary Confidentiality Management Measures", the Group strictly keeps the salary information of employees confidential.

The Group firmly prohibits any form of unfair or illegal dismissal and ensures that all decisions regarding employment, promotion, and termination of employment contracts are based on reasonable and legal grounds. As such, the Group has established and implemented strict internal policies, which are clearly stated in the employment contracts. According to the Group's employee management policies, employees shall give 30 days prior notice in advance of resignation and submit a resignation application form to state the reason. Once the resignation request is approved, it will be forwarded to the Human Resources Department for review, and resignation procedures can be started after the review. Employees in special positions are required to undergo a resignation audit before leaving.

For employees who violate employment policies, the Group adopts a progressive management approach. The Group will give a verbal warning at first and issue a written warning if necessary. For employees who repeatedly make the same mistake and refuse to correct their behaviour, the Group will terminate their employment contracts on a reasonable and legal basis in accordance with national laws and regulations, safeguarding the fairness and legality of the working environment.

In FY2024, the total employee turnover rate of the Group was 15.1%.

Table 5 – Employee Turnover Rate by Gender, Age Group and Geographical Location in FY2024[1]

Unit: Number of Employees	**Age Group**				
Gender	**Aged 30 or below**	**Aged 31–40**	**Aged 41–50**	**Aged 51 or above**	**Total**
Male	28	49	39	22	138
Male employee turnover rate (%)	26.9%	17.0%	10.7%	13.6%	15.0%
Female	20	22	27	1	70
Female employee turnover rate (%)	32.8%	12.9%	12.6%	8.3%	15.3%
Total	48	71	66	23	208
Total employee turnover rate (%)	29.1%	15.5%	11.4%	13.2%	15.1%

	Geographical Location	
Area	**Employee turnover**	**Employee turnover rate (%)**
Changchun	128	14.9%
Dandong	25	18.1%
Wuchang	2	28.6%
Jilin	4	10.0%
Yanji	19	32.2%
Huadian	4	26.7%
Meihe	1	20.0%
Baicheng	2	12.5%
Jiaohe	2	33.3%
Anshan	4	15.4%
Shenyang	15	11.6%
Liaoyuan	2	11.8%

1. *The employee turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Employee turnover rate was calculated by dividing the number of employees who resigned in FY2024 by the number of employees as of the end of FY2024. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.*

Working Hours and Rest Periods

The Group has formulated internal policies, such as "Regulation on Management of Employee's Attendance" and "Regulation on Employee's Leave Management" in the "Employee Manual", in accordance with the "Provisions of the State Council on Employees' Working Hours" and other relevant local employment laws. These policies regulate the working time of employees and establish corresponding reward and punishment systems. In addition to basic paid annual leaves and statutory holidays, employees are also entitled to additional paid leave benefits, such as sick leave, marriage leave, maternity leave, and condolence leave. Employees are required to complete a leave application form before taking leave, specifying the reason and duration of the leave. The leave only takes effect after approval by the supervisor.

Equal Opportunity and Anti-discrimination

The Group regards equality and respect as its core value and strive to implement anti-discrimination and equal opportunity principles across all human resources and employment decisions, thereby creating a fair, friendly, and respectful working environment. To achieve this goal, the Group continues to improve its internal operational guidelines, explicitly prohibiting any conduct that violates equal opportunity or involves discrimination, safeguarding the rights and interests of each employee. The Group is committed to fairness and justice, ensuring that all decisions regarding employment, training and promotion opportunities, dismissal and retirement are not determined by employees' age, gender, marital status, pregnancy status, family status, disability, race, colour, descent, national or ethnic origin, nationality, religion or any other non-job-related factors.

To eliminate discriminatory behaviour in the workplace, the Group adopts a zero-tolerance policy towards any forms of discrimination, harassment, bullying or abuse. Employees are encouraged to report any potential discriminatory issues to the Human Resources Department, which is responsible for evaluating, handling, and documenting the corresponding complaints. If the complaint is verified, the involved employee will receive necessary disciplinary actions to maintain a positive and healthy working environment.

To promote equality and inclusion, the Group has established open and transparent communication mechanism, ensuring that employees can express their opinions to the management, and that the management actively responds to employees' concerns. In FY2024, the Group organised employee mutual communication forum to gain a deeper understanding of employees' needs and expectations, thereby enhancing management strategies and working atmosphere.

Other Benefits and Welfare

The Group adheres to the core philosophy of "people-oriented" by valuing and prioritising the well-being of its employees. In compliance with relevant national laws and regulations, the Group provides employees with essential protection such as work-related injury insurance. The Group also invests resources to support employees' physical and mental health, creating a fostering a comfortable and safe working and living environment.

To ensure a high quality of life for employees, the Group also offers them fully equipped dormitories. In FY2024, the Group designed and organised various team-building activities, including employee skills competitions, sports tournaments, and festive celebrations, providing a platform for employees to showcase their talents while strengthening communication and collaboration among departments. In specific, the Group distributed gifts to female employees on International Women's Day and organised a range of competitions during the year, including badminton, shuttlecock, and chess tournaments. All these activities not only enriched employees' leisure time but also cultivated a positive, dynamic, and vibrant working atmosphere.

In FY2024, the Group complied with laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits, as well as other laws and regulations that have a significant impact on the Group.

B.2 Health and Safety

Employee health and safety are critical to the sustainable development and stable operations of the Group. The Group prioritises employee health and safety as a primary responsibility, striving to create a healthy, safe, and stable working environment. In FY2024, the Group strictly implemented its internal safety and health policies, and abided by relevant laws and regulations, including "the Law of the People's Republic of China on Prevention and Control of Occupational Diseases", "Regulation on Work-Related Injury Insurance", "Emergency Response Law of the People's Republic of China", "Regulation on Labour Protection in the Jilin Province", and "Regulation on Safety Management in the Jilin Province".

To strengthen the Group's safety management system, the Group has established the Central Safety Committee, comprising the Group's president, vice presidents, and managers of different business segments, to oversee the implementation of safety policies across business units. Meanwhile, the Safety and Environment Department of the Group is responsible for inspecting, reviewing, and managing the Group's safety practices, identifying non-compliance issues, and urging relevant departments to rectify deficiencies. The Group's occupational safety management team focuses on delivering safety and health training to employees, ensuring they understand and comply with the latest occupational hazard prevention laws, regulations, and standards. By implementing the occupational hazard prevention accountability, the Group is committed to minimising occupational risks and hazards during daily operations. In FY2024, the Group held four Central Safety Committee meetings to review safety performance at different stages and further optimise the Group's safety management. To enhance employees' safety awareness and emergency response capabilities, the Group organised a Safety Knowledge Competition on 13 June, attracting enthusiastic participation from various departments. The competition not only allowed employees to reinforce their safety knowledge and improve operational skills, but also facilitated the exchange of safety management experience among departments, thereby reinforcing the overall safety culture of the enterprise.

Occupational disease prevention is a key component of the Group's health and safety management. The Group strictly adheres to laws, regulations, and standards related to occupational disease prevention, following the principle of "Responsibility at All Levels, Each Performs Its Duty" to regulate the safety procedures. To raise employees' awareness of occupational disease prevention, the Group regularly disseminates relevant information to all levels of personnel at gas refuelling stations, reinforcing education on health and safety responsibilities. The Group has also stipulated disciplinary actions in the reward and punishment management system to address violations of safety and fire prevention management, sanitation management, and safety operation procedures.

The Group adheres to health and safety policies of "Full Safety", "Environmental Improvement", "Precaution First", "Sustainable Development", "People-Oriented" and "Health Protection". Over the past year, the Group organised various occupational safety and health training, incorporating knowledge on occupational disease prevention into its annual training programmes. In addition, the Group conducts workplace occupational hazard inspections each year and arranges occupational health examinations for employees. During the year under review, the Group's General Union organised occupational health check-up activities for its employees to raise their health awareness and share effective measures to prevent diseases. In case of any occupational hazard incidents, the Group requires the responsible unit to report to local Work Safety Administrative Department promptly and take effective measures to control or eliminate hazardous. Delays, false reporting, or concealment of incidents are strictly prohibited to ensure the utmost protection of employee safety.

Safety Management Red Lines of the Group

01

Gas stations prohibit

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

02

Petroleum stations prohibit

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

03

Oil and gas hybrid stations prohibit

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

04

Oil depots prohibit

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

05

Transportation fleets prohibit

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

To regulate emergency response procedures for emergencies, the Group has developed and implemented relevant emergency response measures. The accident response team is responsible for executing emergency responses, and the team leader are required to promptly initiate the emergency rescue procedures based on the situation, including:

1. Accident reporting
2. Emergency scene rescue, on-the-spot self-rescue and mutual rescue
3. Scene closing
4. External liaison
5. Joint rescue
6. Accident analysis and responsibility declaration, to properly handle any emergency

According to "Emergency Plan for Production Safety Accidents", the Group has defined the responsibilities of emergency institutions for its transportation business, including emergency response, support services, and post-treatments. To strengthen daily supervision, relevant personnel has been designated to conduct safety inspections on transportation vehicles before, during, and after daily utilisation and record the vehicle status. In addition, the "Hidden Danger Investigation and Governance Statistical Analysis Management System" has been established by transportation business to further enhance risk management. The Group is dedicated to thoroughly identifying and eliminating potential hazards, fundamentally safeguarding the lives and property of employees and the public. In June 2024, the launch ceremony of the "Safety Production Month" campaign organised by the Market Regulation System and the emergency rescue drill for special equipment accidents were successfully held at one of the subsidiaries of the Group. The two emergency drills conducted during the event demonstrated the Group's emergency response capabilities, earning high praise from on-site experts.

Since 2012, the Group has engaged professional industrial safety consulting company to provide regular professional consulting services, offering technical guidance and improvement suggestions for safety management. To ensure the operational safety of oil and gas refuelling stations, the Group has installed monitoring systems for real-time surveillance. Dedicated personnel are assigned to conduct regular inspections of the facilities, focusing on preventing high-risk incidents such as fires and explosions, thereby controlling safety hazards at source.

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

Year	FY2024	FY2023	FY2022
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (in every hundred employees)	0	0	0

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

In FY2024, the Group did not record any work-related injury, achieving zero working days lost due to work-related injuries. The Group is committed to continuously improving the working environment to protect employees from occupational hazards. During the year under review, the Group did not violate any relevant laws and regulations related to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

B.3 Development and Training

The Training Vision of the Group

To support the Group's rapid commercial development based on customer-oriented services, comprehensively improve employees' professional competence, business capability, and service standards of employees at all levels. At the same time, accelerate the talent reserve and development for key employees and staff at sales and management positions, so as to strengthen the Group's competitiveness in cultivating holistic talents.

The Group fully understands that talent is the key to establishing and maintaining a leading position. Therefore, the Group places great emphasis on employee development and training by implementing systematic training programmes to enhance employee capabilities, achieving synergistic growth between employees and the organisation. The Group strictly implements training management procedures and designs training course according to the needs of its employees, aiming to comprehensively enhance their professionalism and vocational skills.

The Human Resources Department is responsible for implementing the Group's training policies, guidelines, and plans, including organising training courses, developing teaching materials, and guiding business units in conducting training programmes. During the year under review, the Group organised various tailor-made training activities to improve the overall business capabilities of employees. For instance, the Group held a specialised training session on digital marketing at its training centre in Changchun, with full participation from the Group's oil product retail operation team. The Group has established a solid digital diagnostic system and will continue to deepen its digital transformation process to enhance corporate competitiveness.

Furthermore, The Group held the "United Strength Chain 2024 Employee Vocational Skills Competition" for the eighth consecutive year, featuring fierce competition among 51 key employees from seven branch union. Six employees were awarded the championship title and were honoured with the "Changchun Master Craftsman" and "Changchun Highly Skilled Vocational Worker" titles by the Changchun Human Resources and Social Security Bureau and the Changchun Federation of Trade Unions.

To ensure the efficiency and standardisation of training, the Group has established a complete training management process, covering five stages: training need analysis, training plan formulation, training plan implementation, training effect evaluation, and application of assessment results. Newly hired employees must undergo occupational health and safety training before starting their duties, learning basic knowledge and hazards of petroleum products, work-related risks and countermeasures, safety precautions in gas refuelling station operations, etc. New employee can officially commence work after passing the training assessment. In accordance with the Group's training requirements, employees subject to job transfers and personnel from external parties are also required to complete occupational health and safety training and pass the assessment before commencing work. Given the nature of the Group's business, the training arranged by the Group focuses on safety issues and current employees are mandated to participate in at least two occupational health and safety training sessions annually. All occupational health training records are maintained and archived in accordance with the training file management policy to ensure standardisation and traceability of training activities.

Table 7 – Number and Percentage of Employees Trained by Gender and Position in FY2024[1]

Number of employees	Position			
Gender	General Employees	Middle Management	Senior Management and Directors	Total
Male	857	42	19	918
% of employees trained	62.3%	3.1%	1.4%	66.8%
Female	421	29	7	457
% of employees trained	30.6%	2.1%	0.5%	33.2%
Total	1,278	71	26	
% of employees trained	92.9%	5.2%	1.9%	
Total number of employees				1,375
Total number of trained employees				1,375
% of total employees trained				100

1. *The training data was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2024. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by SEHK.*

Table 8 – Training Hours Received by Employees by Gender and Position in FY2024[1]

Unit: Hour	Position			
Gender	General Employees	Middle Management	Senior Management and Directors	Total
Male	20,568	1,008	456	22,032
Average training hour	24	24	24	24
Female	10,104	696	168	10,968
Average training hours	24	24	24	24
Total	30,672	1,704	624	33,000
Average training hours	24	24	24	24

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

B.4 Labour Standards

The Group regards safeguarding employees' labour rights and interests as one of its core responsibilities. In FY2024, the Group complied with the Labor Law of the People's Republic of China and other relevant labour laws and regulations to strictly prohibit child labour or forced labour employment. To better combat illegal employment practices related to child labour, underage workers, and forced labour, the Human Resources Department, in accordance with "Employee Recruitment Management Regulations", requires all candidates to provide valid identification documents during the recruitment process and fill in personal details on the employee registration forms. The Human Resources Department reviews employees' relevant information according to the Employee Entry Checklist before the commencement of employment. Relevant employment procedures will only be initiated once employees have provided complete and reliable information before joining the company. In addition, the Human Resources Department oversees the Group's internal policies and practices to ensure compliance. In case of any violations of the labour standards, the Group will immediately terminate the employment contract of the relevant employee and take further action according to the relevant law.

During the year under review, the Group was not in violation of any laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

B.5 Supply Chain Management

A stable and healthy supply chain is the cornerstone of driving sustainable business development. Since its establishment, the Group has continuously optimised its ESG management system, identifying and effectively managing potential risks within the supply chain to ensure the sustainability of its operations. In selecting suppliers, the Group's supply chain management team evaluates suppliers based on factors such as operational compliance, industry qualifications and performance, as well as the quality of products or services. The supply chain management team also conducts annual inspections of suppliers in collaboration, updating the list of qualified suppliers based on the evaluation results. In addition, the Group is committed to integrating ESG principles into supply chain management. Therefore, the Group strengthens training for suppliers on environmental protection and social responsibility, while maintaining efficient communication with them to mitigate potential ESG risks across its value chain from the source.

General Procedure for Product Procurement	
1.	**Plan:** Develop oil and gas procurement plans based on business needs and supply conditions.
2.	**Research:** Monitor market conditions and closely track price changes in surrounding markets.
3.	**Implement:** Operation Department negotiates with qualified suppliers on product types, quality standards, quantities, prices, transportation methods, delivery locations and times, payment terms, and loss rates according to the oil procurement requirements, and submit final procurement plan for approval.
4.	**Product inspection:** After the products arrive at the storage facilities, laboratory technicians from quality inspection centre will take samples for testing according to the regulations. Products meeting the required standards handled in accordance with the standards for receiving and unloading oil, with storage facilities receipts issued.
5.	**Payment approval:** Operation Department submits payment applications for approval based on the oil procurement plan and relevant purchase contracts. Specific payment approval flow is implemented in accordance with the "Fund Payment Management Measures".

The Group's business mainly includes the sales of vehicle natural gas at gas refuelling stations, the sales of vehicle petroleum at petroleum refuelling stations and the transportation services of petroleum and natural gas. The Group's major suppliers are state-owned and private enterprises, which provide the Group with products such as gasoline, diesel, natural gas, and chemical products via railway and road transportation. To regulate procurement management and enhance supply chain efficiency, the Group has established and implemented the "Procurement Management System", which clearly defines processes such as confirming procurement intentions, signing contracts, making payments on time, arranging shipments and picking up goods, and conducting quality inspections for storage.

Gas and petroleum refuelling station business

The business segment prioritises the following factors in the process of selecting and engaging of suppliers:

1. Legitimate production/operation enterprises approved by relevant national authorities;

2. A sound quality control system;

3. Strong technical capabilities;

4. Good management standards; and

5. Credibility, etc.

The Group requires all collaborating suppliers to submit third-party gas and fuel quality inspection reports, while incorporating suppliers' environmental and social performance into the evaluation process. During supplier qualification assessments, the Group conducts comprehensive risk identification and assessment through on-site visits and market research. Furthermore, all collaborating suppliers of the Group are large enterprises with good reputations in the local area.

The Group has established and adheres to internal procurement policies, including "Gas Procurement Management System" and "Oil Product Procurement Management System". The Operation Department is responsible for formulating product procurement plans and monitoring the entire procurement process. The Group's gas refuelling stations are required to follow the "Regulations on Gas Inbound and Outbound Management", which clearly define practices in the procurement, acceptance, and product delivery and inspection. The Finance Department manages payment processes for gas and fuel oil-related orders.

To ensure the stability and resilience of the supply chain, the Group generally establishes annual gas supply framework agreements with its suppliers. These agreements set out detailed arrangements on pricing, procurement methods, delivery, and payment terms. To better mitigate unforeseen circumstances such as supply shortages or price fluctuations, the Group simultaneously evaluates multiple suppliers to establish and maintain a backup supplier programme.

Regarding quality control, the Operation Department is responsible for verifying and monitoring the gas and fuel inspection reports provided by suppliers. If any substandard or incompliance is found, the Group will promptly engage with the relevant supplier, urging and assisting them to undertake rectification. Suppliers can only continue their collaboration with the Group once the necessary corrective actions have been qualified and standards are met. If a supplier fails to meet the rectification requirements, the Group will activate the backup supplier plans to ensure business continuity. In FY2024, the Group did not encounter any supplier violations or non-compliance.

Transportation business

Oil and gas transportation services mainly involve the transportation of natural gas, LNG, gasoline, and diesel. The transportation business segment procures oil products from major oil depots and refineries, which are then delivered by the transportation fleets to refuelling and gas stations for proper storage and sale. To regulate the operations of transportation business, the Group's Procurement Department implements stringent control measures over supplier selection and product procurement processes in accordance with internal policies, including the "Equipment Management Regulations", "Material Procurement Management System" and "Measures for the Management of Tendering and Bidding for Bulk Purchasing Projects". The Group adopts the tendering method to evaluate bidders' qualifications, including business licences, tax registration certificates, quality management systems, corporate images, after-sales service capabilities, and national compulsory product certifications, such as the "Refined Oil Retail Business License" and "Pressure Vessel Production License". Only suppliers meeting national standards are considered for collaboration.

The transportation business segment has established close relationships with suppliers, requiring all business partners to comply with applicable laws and regulations in their respective countries and regions. Regular site visits and risk assessments are conducted to monitor suppliers' operational performance and identifies potential risks, thereby providing a solid foundation for business operations. To further enhance risk management in transportation business, the Group allocates resources to safety operations, with the Safety Department providing safety operation guidance to employees. The Group has also established a comprehensive emergency response mechanism to ensure prompt response and proper handling in case of emergencies. In addition, the Group's product quality inspection centre is responsible for inspecting and storing products from suppliers following national standards.

Supplier Risk Assessment
• License for operations • Compliance with safety requirements • Conformance to agreements for collaboration • Potential safety risks in transportation route

To minimise environmental and social risks within the supply chain, the Group focuses on environmental compliance by engaging only with suppliers that comply with local environmental regulations and uphold business ethics. To promote the development of a green supply chain, the Group integrates green procurement policies and concepts into its procurement processes, prioritising environmentally friendly technologies and products. For instance, the Group procures aluminium alloy trailers featuring an innovative bottom-loading design, effectively reducing environmental impact during transportation. Building on compliance, the Group gives preference to local suppliers to minimise transportation distances, thereby lowering emissions generated during transportation. During the year under review, the Group established a local supplier network, with all suppliers in its transportation business segment being local partners. This initiative fully demonstrates the Group's commitment to green procurement and support for local economic development. The Procurement Departments of each business segment are responsible for coordinating and overseeing green procurement practices, ensuring the effective implementation of green procurement policies within the organisation.

The general supply chain management policy and green procurement policy of the Group apply to all its suppliers. In FY2024, the Group maintained collaborative relationships with a total of 97 suppliers, all of which were in China. Among them, there were 76 suppliers located in the province where the Group's entities operate, and 21 suppliers located in other regions.

B.6 Product Responsibility

The Group complied with laws and regulations relating to its products and services' health and safety, advertising, labelling and privacy matters in FY2024, including but not limited to:

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

The Group steadfastly adheres to its core philosophy and development goal of "Market-oriented, Customer-centric, Brand-based Chain, Management Excellence, and Become a Leading Comprehensive Energy Supply Chain Management Company in China". Committed to enhancing transportation efficiency, the Group continuously improves the quality of its products and services. The Group requires all business segment to implement policy requirements during daily operations, including "Oil Products Quality Management Measures" and "Customer Complaint Handling Management Measures". By establishing an efficient management network, the Group diligently fulfils its responsibilities regarding products and services, striving to meet customer needs and enhance customer experience. By establishing an efficient management network, the Group diligently fulfils its responsibilities regarding products and services, striving to meet customer needs and enhance customer experience.

Gas and petroleum refuelling station business

Product quality is not only vital to the interests of every consumer but also determines a company's competitiveness. As an enterprise directly serving a wide range of consumers, the Group has established a "Customer-oriented" service philosophy, with the mission of "Making Customers Happy and Satisfied". The Group rigorously controls the quality of terminal gas station products to provide high-quality products and attentive services, aiming to achieve the goal of maintaining a customer satisfaction rate of over 90%.

The Operation Department and Quality Management Department of the Group ensure operational safety and reliability through a series of tests. In addition to obtaining key safety operation licences, including the "Pressure Vessel Use License", "Cylinder Filling Certificate" and Gas Business License", the Group has also obtained ISO 9001 Quality Management System certification, demonstrating its unwavering commitment to maintaining high product quality.

Furthermore, the Group has formulated and implemented internal policies such as the "Oil Quality Management Measures", incorporating quality control measures across the procurement, storage, transportation, and sales processes. The Group has clearly defined the responsibilities of different departments in the "Regulations on the Management of Submission for Inspection" to ensure product quality, including:

- The Quality Management Department is responsible for approving relevant management regulations and supervising inspection procedures;

- The quality inspection centre and laboratories of each subsidiary are responsible for testing oil products submitted in their respective areas, consolidating inspection results, and managing inspected products; and

- The Retail Management Department, the Product Scheduling Centre, and the station management centres of each subsidiary are responsible for planning and arranging product inspections.

In case of any product quality incidents, the Group will take a series of targeted measures in accordance with the "Oil Quality Management Measures", including initiating product recall procedures based on the policy requirements if it is deemed necessary. In specific, if non-conformities are identified during unloading, storage, and outbound inspections, the quality inspection centre will immediately report the issue to oil dispatch centre. The treatment method is then determined following the review of the manager of the oil dispatch centre. If the oil depot is found to be unqualified during storage or delivery, the affected batch will be immediately halted from further distribution. The oil dispatch centre and the oil depot will jointly investigate the root cause. The responsible department undertakes accountability measures.

In FY2024, the Group adhered to the "Measures for the Management of Customer's Complaints" and strictly enforced the "Principles for the Implementation of Customer-oriented Service Culture", establishing clear standards and procedures to effectively address customers' complaints. To facilitate efficiently communication with customers, the Group has established dedicated customer complaint investigation and system improvement team as well as the customer service team of the Retail Management Department to follow up and handle customer complaints. The Group regularly analyses and summarises received complaints to identify areas for improvement and develop targeted system optimisation measures. In addition, the Group organises internal sharing to encourage employees to summarise lessons learned and prevent the recurrence of similar issues.

As a model of ethical business operations, the Group places great importance on intellectual property protection, strictly complying with the Patent Law of the People's Republic of China, the Intellectual Property Law of the People's Republic of China and the Tort Law of the People's Republic of China. The Group safeguards its intellectual property in accordance with the Patent Technology Confidentiality Management Regulations. The Group has applied for and holds several significant patents, including "Preparation Equipment and Process and Thereof of a Type of Low Propane and High Olefin Liquefied Petroleum Gas", "Preparation Equipment of a Type of Low Propane and High Olefin Liquefied Petroleum Gas", "Gas Station Card and Machine Management System V1.01", and "Yafei Distribution ERP Management System V1.6", etc. In cases of intellectual property infringement, the Group will take legal action to protect its rights and interests.

The Group recognises the critical importance of safeguarding customer privacy in establishing a solid business reputation. As such, the Group complied with laws and regulations regarding customer privacy, including the Law of the People's Republic of China on the Protection of Customer Rights and Interests, and implemented the "Customer Information Confidentiality System" to enhance customer information protection and management. This system specifies requirements for information types, access authority, usage, and corresponding penalties for information leakage. Meanwhile, the Group treats personal information collected during business operations as confidential, strictly prohibiting employees from disclosing customer information to any third party without authorisation of customers. The Group has also entrusted a professional external company to manage its databases and enforced a rigorous internal approval process. Access to relevant information requires approval from the General Manager to ensure data security.

Regarding product advertising, the Group adheres to relevant laws and regulations, including the Advertising Law of the People's Republic of China, and follows internal policy procedures to sign formal contracts with third parties to regulate promotional practices. This approach ensures that all promotional materials are truthful, accurate, and legal. The Group requires that marketing and promotional activities must be recorded in detail through standard application forms, specifying activity format, departments involved, objectives, and policy requirement, to ensure proper design and execution.

Transportation business

Guided by the core principles of "Customer-oriented", The Group's transportation business has integrated safety and service standards into every aspect of its operations. The Group has formulated and implemented internal policies, including "General Code of Conduct on Safety", the "Hot Work Safety Management Procedures", and the "Work at Heights Safety Management Procedures", while rigorously implementing the following measures:

1. Conduct safety checks on vehicle valves, pipelines, flanges, and other potential leakage areas before departure, during transit, and after return;

2. Regularly carry out vehicle hazard assessment and rectification inspections;

3. Monitor transportation processes in real-time through road risk assessments, GPS, and video surveillance to manage vehicle routes and determine the specific locations;

4. Adopt electronic lead seals to ensure the oil safety and accuracy of oil volume;

5. Require employees to carefully verify the serial number and quality of oil products;

6. Enhance safety protection measures during oil unloading;

7. Proactively communicate with customers to adjust transportation plans based on weather conditions, avoiding delays caused by extreme weather;

8. Adjust transportation schedules to meet customer needs;

9. Strictly enforce safe driving practices and prohibit overloading, speeding, and fatigued driving; and

10. Establish a monitoring centre operated by dedicated personnel to manage electronic escort systems.

To further enhance transportation safety, the Group organises regular professional safety training for drivers, combining lectures and written tests to improve their professional knowledge and emergency response capabilities. The Group places great importance on employees' service attitudes, requiring employees to investigate complaints through monitoring, calls, or on-site communication to gain a comprehensive understanding of the incident, striving to provide customers with prompt and effective feedback. In FY2024, the Group introduced a mystery shopping inspection and supervision mechanism to improve service quality and customer satisfaction. Through this mechanism, professional investigators pose as ordinary customers to experience the Group's products and services, providing objective evaluations of service and employee performance. The evaluation results serve as a basis for subsequent improvements.

Product and service innovation

The Group is committed to driving sustainable development through product and service innovation, proactively responding to market and public demand for environmentally friendly, efficient, and responsible solutions. In FY2024, the Group invested over RMB3 million in exploring and applying innovative technologies to enhance service capabilities. In addition to further expanding the application of non-inductive payment at dispensers, the Group also installed charging station facilities to provide energy solutions for new energy vehicles.

In August 2024, the first barrel of shale oil using in-situ technology produced by the Group's subsidiary, Jilin United Strength Oil Shale Group Co., Ltd.*, was officially collected by the Geological Museum of China. This milestone marks a significant step forward in China's oil shale resource development technology, highlighting the Group's leading position in energy technology innovation.

Leveraging its robust operational capabilities and continuous innovation-driven development strategy, the Group received high recognition from the industry and society once again in 2024. The Group was successfully ranked 14th in the "2024 Changchun Top 100 Enterprises" and 2nd in the "2024 Changchun Top 100 Private Enterprises". These awards not only underscore the Group's outstanding performance in market competition, but also affirm its contribution in promoting economic development, facilitating employment opportunities and fulfilling its corporate social responsibility.

Moving forward, the Group will remain committed to innovation-driven development and responsible operations, further enhancing its market competitiveness and fulfilling its role as an industry benchmark. The Group will continue to give back to society, contributing to the creation of more prosperous, inclusive, and sustainable communities and economy.

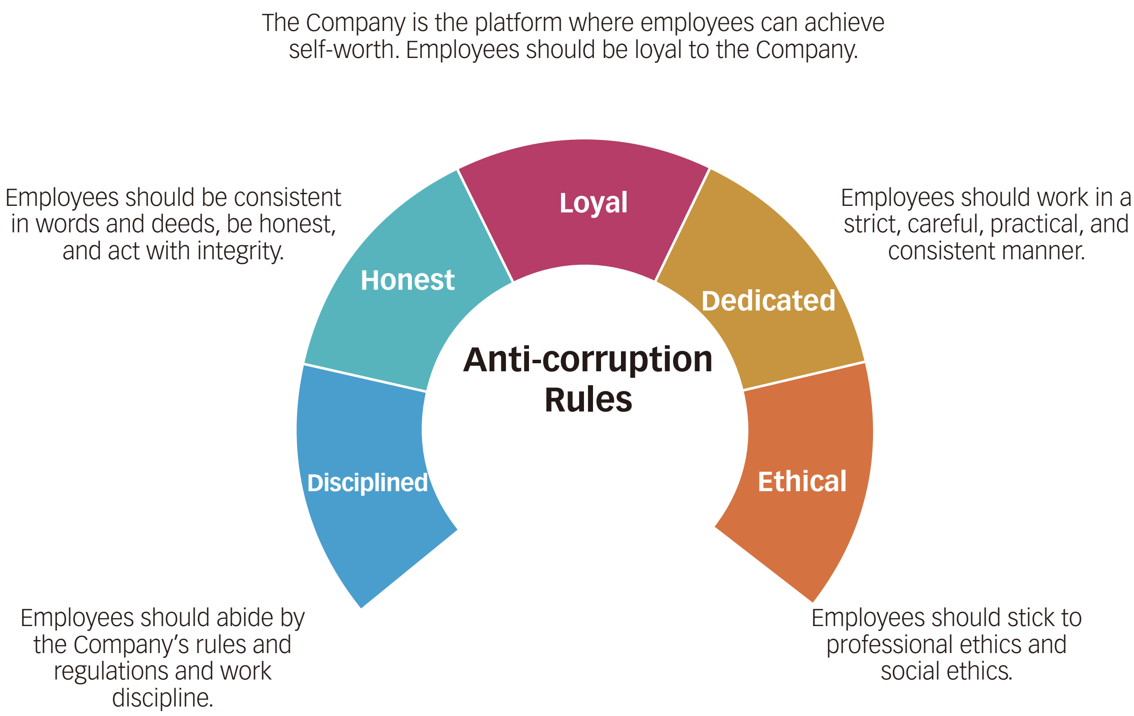
Since labelling is not applicable to the Group, the relevant information is not disclosed in this ESG report. In FY2024, the Group did not recall any products/services sold for safety and health reasons and did not receive any complaints. During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to the quality, health and safety, advertisement, label and privacy of its products that have a significant impact on the Group.

* Translation for identification purpose only

B.7 Anti-corruption

The Group upholds the highest standards of professional ethics and is committed to fostering a corporate culture rooted in integrity and transparency. The Group complied with the anti-corruption and bribery laws and regulations in the regions where it operates, including the Anti-Corruption Law of the People's Republic of China and the Law of the People's Republic of China on Anti-money Laundering. To further enhance the management and control of operational risks, the Group established the Work Ethics Compliance Internal Audit Department in FY2021. This department is responsible for investigating and verifying any violations of laws or regulations within the Group while promoting the development and improvement of internal management mechanisms to ensure compliance in all operations.

The Group implements a comprehensive strategy and has developed relevant guidelines such as the "Employee Handbook" and "Employee Code of Conduct", which explicitly prohibit any form of fraudulent behaviours. The Group maintains a zero-tolerance stance toward bribery and corruption and strengthens internal controls through inspection internal audit, special internal audit, financial audit, and other methods to ensure fairness and compliance in its operations. All employees are required to strictly adhere to professional ethics and abide by the following code of conduct:



To further strengthen compliance management, the Group has implemented guidelines including "Reporting Hotline Management System", "Conflict of Interest Management System" and "Gift Giving and Receiving Management System". The Group has also established an effective grievance mechanism to encourage employees to report any potentially non-compliant behaviour. All reports will be handled in accordance with the following procedures to ensure a strict investigation and verification process:

➢ Receive the report and record its establishment;

➢ Submit the relevant case to the Board for approval and archive;

➢ Keep whistleblowers and reporting information confidential, and initiate an independent investigation;

➢ Discussion based on investigation findings and verified information;

➢ Report the investigation conclusion to the Board;

➢ Case handling by the Human Resources Department in accordance with the Group's regulations; and

➢ Announce the case results and resolution to all employees.

The Group is committed to maintaining strict confidentiality for all reported content during the investigation process and ensuring that whistleblowers are protected from any form of retaliation. For substantiated illegal and criminal activities, the Group will report such cases to relevant regulatory or law enforcement authorities when the management deems necessary, ensuring the legality and compliance of its operations.

In FY2024, the Group organised a total of 2,750 hours of anti-corruption training and related activities. Throughout the year, the Group conducted three internal conceptual training sessions aimed at enhancing the understanding of anti-corruption and conflict of interest management among middle-level and above managers as well as general employees. These training sessions attracted the participation of 97 management personnel and 1,278 general employees, further advancing the implementation of a culture of integrity.

In FY2024, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees. During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud, and money laundering that have a significant impact on the Group.

B.8 Community Investment

The Group remains steadfast in its commitment to community investment and has always regarded social contribution as the core of its corporate social responsibility. The Group is dedicated to fostering a positive corporate culture and cultivating a responsible team. The Group places great emphasis on public welfare, community education and cultural development, actively promoting social harmony and striving to create a sustainable community environment.

In FY2024, the Group organised a series of cultural and sports activities to enhance community cohesion and promote traditional Chinese culture. Building on the successful experience in FY2023, the Group further strengthened its collaboration with the community by organising multiple “United Strength Cup” Chinese Chess Competitions during the year under review. These events provided a platform for chess enthusiasts to engage in competition and exchange experience, promoting the popularity and development of Chinese chess culture.

In April 2024, the Group hosted the 7th “United Strength Cup” Intellectual Sports Games Chinese Chess Open at Changchun University of Finance and Economics, which attracted the participation of teachers and students, raising interest in traditional chess among the young generation. Additionally, with the support of the Changchun Chinese Chess Association, the Group collaborated with Changchun Sports Bureau to organise the 4th “United Strength Cup” Chinese Chess Pair Tournament. This innovative format combined competitiveness with entertainment, catering to the diverse needs of chess enthusiasts.

Furthermore, during the “August 1st” Army Day, the Group’s United Strength Chain Fourth Branch Union actively carried out activities to honour retired military personnel, demonstrating deep respect for their contributions to national security and social stability. Representatives visited local communities to meet with retired military members and to better understand their living conditions and needs. The Group also delivered care packages and expressed holiday blessings, ensuring that the veterans felt valued and respected by both the Group and society.

Looking ahead, the Group remains committed to its corporate mission of giving back to society. The Group will encourage its employees to actively participate in volunteer services, leveraging corporate resources to promote cultural heritage, and contributing to the sustainable development of the communities.

VII. REPORT DISCLOSURE INDEX

SEHK ESG Reporting Guide Index

Aspect	ESG Indicator	Description	Page
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	39
	KPI A1.1	The types of emissions and respective emissions data.	40
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	48, 49
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	43, 49

Aspect	ESG Indicator	Description	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	44
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	45
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	45
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	49
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	47
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	44
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	48
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	48, 49
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	51
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	51, 52

Aspect	ESG Indicator	Description	Page
B. Social			
Employment and Labour Practices			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	53
	KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	54
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	57
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	60
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	62
	KPI B2.2	Lost days due to work injury.	62
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	60

Aspect	ESG Indicator	Description	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	62
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	64
	KPI B3.2	The average training hours completed per employee by gender and employee category.	65
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	65
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	65
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	65
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	66
	KPI B5.1	Number of suppliers by geographical region.	68
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	66
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	67, 68
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	68

Aspect	ESG Indicator	Description	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	69
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	73
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	71, 73
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	71
	KPI B6.4	Description of quality assurance process and recall procedures.	69, 70
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	71
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	74
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	75
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	74, 75
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	75

Aspect	ESG Indicator	Description	Page
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	76
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	76
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	76

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Company has five executive Directors and three independent non-executive Directors. Their details are set out below:

EXECUTIVE DIRECTORS

Mr. Zhao Jinmin (趙金岷先生), aged 56, is the Chairman of our Board, an executive Director and the Chief Executive Officer. He is primarily responsible for supervising the overall operations of our Group and planning our business and marketing strategies. Mr. Zhao was appointed as a Director on 19 December 2016 upon the incorporation of our Company and was re-designated as an executive Director on 21 March 2017. As one of the founders of our Group, Mr. Zhao has about 20 years of experience in the oil and gas industry. Since March 1999 up to March 2017, he has been a director of Changchun Yitonghe Petroleum Distribution Company Limited ("Changchun Yitonghe"), which has been principally engaged in the distribution of petroleum and/or gas to vehicular end-users by operating petroleum refuelling stations, sales of petroleum products and other petroleum-related businesses.

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

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

Mr. Liu Yingwu (劉英武先生), aged 56, is an executive Director. He is primarily responsible for overseeing the operation and management of our businesses. Mr. Liu was appointed as a Director on 16 March 2017 and was redesignated as an executive director on 21 March 2017. As one of the founders of our Group, Mr. Liu has about 20 years of experience in the oil and gas industry. He has been a director of Changchun Yitonghe since March 1999 up to March 2017, responsible for overseeing the management and supervising the operation of the distribution of CNG, LNG and/or LPG to vehicular end-users by operating gas refuelling stations.

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

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

Mr. Ma Haidong (馬海東先生), aged 45, is an executive Director who joined our Group in August 2020. He is primarily responsible for the management and operation of the Group's petroleum refuelling business and the petroleum wholesale business, focusing on the petroleum refuelling station operation, which involves general operations, procurement and marketing affairs. Mr. Ma has over 15 years of experience in the oil and gas industry. Mr. Ma joined as a gas station master in April 2004. He worked as a manager at Changchun Longxing Liquified Gas Company (長春隆興液化氣公司) between March 2006 and February 2011 and was the manager of Shenyang Xinxin between June 2014 and March 2018. He has been serving as an assistant to president of Changchun Yitonghe since March 2018. He has been serving as a director of Shenyang United Strength since May 2017. Mr. Ma obtained a Bachelor degree in Management from Shenyang Institute of Chemical Technology (瀋陽化工學院) (now renamed as Shenyang University of Chemical Technology (瀋陽化工大學)), the PRC, in July 2004. Mr. Ma obtained the qualification as a senior economist conferred by Jilin Province Human Resources and Social Security Protection Department (吉林省人力資源和社會保障廳) in January 2011. Mr. Ma was a committee member of the Shenyang City Shenbei New District Committee of the PRC Political Consultative Conference (中國人民政治協商會議瀋陽市瀋北新區政協委員會) from February 2015 to October 2017.

Mr. Wang Zhiwei (**王志偉先生**), aged 58, is an executive Director and currently the general manager of Changchun Sinogas Company, Ltd. ("**Changchun Sinogas**"), an indirect wholly owned subsidiary of the Company. Mr. Wang's major responsibilities in the Group include supervising and managing the operation of the gas refuelling stations with a particular focus in those located in Changchun City, Jilin Province. Mr. Wang joined the Group in February 2012 as the general manager of Jilin Dongkun Gas Company Limited. Mr. Wang has also been a director of Jilin Chinese Petroleum Clean Energy Environmental Protection Company Limited since October 2014. During the period from December 2014 to August 2015, he was the general manger of Changchun Sinogas and was reappointed in October 2016. He has also been the sole director and the general manager of Meihekou City Yujia Petrochemical Company Limited since December 2016. Mr. Wang was awarded a Bachelor degree in Industrial Engineering and Management (工業管理工程專業) from the School of Management, Jilin University of Technology (吉林工業大學) (now renamed as Jilin University (吉林大學)), in July 1990.

Ms. Bian Xiaodan (邊曉丹女士), aged 42, is the Chief Administrative Officer who joined our Group in March 2017. She is mainly responsible for overseeing the human resources, administration and public relations matter of our Group. Prior to joining our Group, Ms. Bian has served as the secretary of the board of directors of Changchun Yitonghe during the period from November 2006 to March 2017. She has more than 10 years of experience in general administration and affairs of corporations. Ms. Bian obtained a Master degree in Business Administration from the Asia International Open University (Macau) (亞洲(澳門)國際公開大學) (now renamed as City University of Macau (澳門城市大學)), Macau in November 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Su Dan (蘇丹女士), aged 44, was appointed as an independent non-executive Director on 21 September 2017. Ms. Su obtained a Bachelor degree in Language and Literature (文學學士) at the Beijing Foreign Studies University (北京外國語大學), the PRC, in July 2002. Ms. Su subsequently obtained a Master degree in Public Administration from the Columbia University, the USA, in October 2005. She was awarded the certificate of independent director qualification (獨立董事資格證書) issued by the Shanghai Stock Exchange in September 2012. Ms. Su has over ten years' experience in the banking and financial industry. Currently, she is a director of Chinaway International Development Ltd. (漢通國際發展有限公司), a company principally engaged in the provision of market analysis and corporate finance advisory service and is responsible for providing consultancy services to corporate clients. During the period from January 2007 to December 2012, Ms. Su has worked under various managing position in a number of banks or financial institutes, including ICEA Capital Limited (工商東亞融資有限公司), ICBC International Capital Limited (工銀國際融資有限公司) and HSBC Private Bank (Suisse) SA, Hong Kong Branch (匯豐私人銀行(瑞士)有限公司香港分行).

Mr. Lau Ying Kit (劉英傑先生), aged 51, was appointed as an independent non-executive Director on 21 September 2017. Mr. Lau is currently the director of finance and investor relations, company secretary of Dalipal Holdings Limited (stock code: 1921) and an independent non-executive director of **KangLi International Holdings Limited (stock code: 6890), **Kingdom Holdings Limited (stock code: 528) and **Sinco Pharmaceuticals Holdings Limited (stock code: 6833). Mr. Lau was also the independent non-executive director of Xiezhong International Holdings Limited (delisted company) from May 2012 to October 2020 and **China Wood Optimization (Holding) Limited (stock code: 1885) from December 2013 to February 2022. Mr. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Master's degree in finance from the City University of Hong Kong. He has extensive experience in financial and accounting in China and Hong Kong.

Mr. Zhang Zhifeng (張志峰先生), aged 62, was appointed as an independent non-executive Director on 27 November 2018. Mr. Zhang has more than 37 years' valuable experience in banking and financing industry. Mr. Zhang is currently a senior account manager of Changchun Branch of Jilin Province of Industrial and Commercial Bank of China Limited ("ICBC"). Since November 2001, Mr. Zhang has held various management positions in different branches of ICBC. Mr. Zhang graduated with a Bachelor degree in Economic Management at the Jilin Provincial Party School of the Communist Party of China (中共吉林省委黨校) in March 2002.

SENIOR MANAGEMENT

Mr. Lo Wai Kit (盧偉傑先生), aged 52, is the Chief Financial Officer and Company Secretary of our Company who joined our Group in March 2017. He is mainly responsible for overseeing the finance, accounting and company secretarial matters of our Group. Mr. Lo obtained a Bachelor degree of Arts (Honours) in Accountancy from the City University of Hong Kong, Hong Kong in November 1995. He is an associate member of the Association of Chartered Certified Accountants, a fellow member of the HKICPA and a Chartered Financial Analyst. Mr. Lo has over 18 years of experience in accounting and financial areas. Prior to joining our Group, Mr. Lo has been the company secretary and qualified accountant of **Asia Cement (China) Holdings Corporation (stock code: 743) from December 2007 to March 2017, responsible for handling the finance and company secretarial matters.

Mr. Meng Xiange (孟憲革先生), aged 57, is the general manager of Longjing United Strength Energy Development Company Limited (龍井眾誠能源發展有限公司). Prior to joining our Group, Mr. Meng has about 21 years of experience in the brewery business including holdings various managing positions in such companies. Mr. Meng's major responsibilities in our Group include supervising and managing the operation of the refuelling stations with a particular focus in those located in Yanji City, Longjing City and Helong City, Jilin Province. Mr. Meng was awarded a Bachelor degree in Machinery and Equipment Manufacturing Engineering (機械製造工藝及設備專業) from Jilin Institute of Technology (吉林工學院) (now renamed as Changchun University of Technology (長春工業大學)), the PRC, in July 1988.

Mr. Peng Wei (彭偉先生), aged 59, is the head of Information Management Department of the Group. He is mainly responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the information technology system management. Mr. Peng graduated from the China Textile University (中國紡織大學) (now renamed as Donghua University (東華大學)), the PRC in July 1988 and specialised his studies in Industrial Electrical Automation (工業電氣自動化專業). He also obtained the qualification as a senior engineer in computer science (計算機專業) conferred by Jilin Province Human Resources Protection Department* (吉林省人力資源保障廳) in January 2012. Mr. Peng has been a committee member of the Jilin Province Changchun City Erdao District Committee of the PRC Political Consultative Conference* (中國人民政治協商會議吉林省長春市二道區政協委員) with the effective period from October 2016 to October 2021.

Mr. Song Shuzhe (宋舒哲先生), aged 62, is the head of Safety Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the operation safety and management of the petroleum refuelling stations and storage facilities. He worked for the People's Liberation Army of the PRC between 1980 and 1986. Mr. Song completed his tertiary studies at Liaoning Kunshou Committee Party School* (遼寧刊授黨校), the PRC, in December 1993.

Mr. Wang Chuang (王闖先生), aged 53, is the head of Storage and Logistics Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the management of and daily operation of the petroleum storage facilities and the transportation vehicle fleet. Mr. Wang Chuang obtained a Bachelor degree in Engineering and a Master degree in Business Administration from Dalian University of Technology (大連理工大學), the PRC, in July 1992 and June 2001, respectively.

Mr. Zhang Hongtu (張宏圖先生), aged 48, is the vice head of Safety Department of the Group. He is primarily responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the operation safety and management of the petroleum refuelling stations and storage facilities. Mr. Zhang completed his studies in economic law at Jilin Province Institute of Technology* (吉林工學院) (now renamed as Changchun University of Technology (長春工業大學)), the PRC, in July 1998, and further completed his studies in law and obtained a graduation certificate of Self-taught Higher Education Examinations* (高等教育自學考試) from Jilin Province Higher Education Self-study Examination Committee (吉林省高等教育自學考試委員會) and Jilin University (吉林大學), the PRC, in December 2004.

Ms. Liu Guowei (劉國偉女士), aged 45, is the head of Human Resources Department of the Group. She is mainly responsible for the management and operation of the petroleum refuelling business and the petroleum wholesale business, focusing on the human resources management including recruitment and manpower deployment. Ms. Liu completed her studies in secretarial profession* (文秘專業) and obtained a graduation certificate of Self-taught Higher Education Examinations* (高等教育自學考試畢業證書) from Jilin Province Higher Education Self-study Examination Committee (吉林省高等教育自學考試委員會) and Jilin University, the PRC, in December 2005.

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

DIRECTORS' REPORT

The Directors are pleased to present their Annual Report, including the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group's principal business activities are engaged in the sale of petroleum and natural gas to vehicular end-users by operating refuelling stations, wholesale of refined oil products business and provision of petroleum and gas transportation services. The activities of the principal subsidiaries are set out under Note 12 of the Notes to the Financial Statements in the Independent Auditor's Report on pages 143-145 of this annual report. The place of business operation of the major operating subsidiaries is the PRC. Details of changes in the nature of the Group's principal activities during the year ended 31 December 2024 are set out in the "Management Discussion and Analysis" of this annual report.

BUSINESS REVIEW

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 105-106 of this annual report.

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.

CLOSURE OF REGISTER OF MEMBERS

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 annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 13 June 2025.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on 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.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2024 are set forth in note 23 to the consolidated financial statements and in the consolidated statement of changes in equity on page 109 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Cayman Islands Companies Law, amounted to approximately RMB657.5 million. The amount of approximately RMB657.5 million includes the Company's share premium account of approximately RMB684.0 million which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital of the Company during the year are set forth in note 23 to the financial consolidated statements and in the section headed "Directors' Report – Share Option Scheme" in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

TAX RELIEF AND EXEMPTION

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

MAJOR CUSTOMERS AND SUPPLIERS

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

Percentage of purchases attributable to the Group's largest supplier	42%
Percentage of purchases attributable to the Group's five largest suppliers	81%
Percentage of revenue attributable to the Group's largest customer	2%
Percentage of revenue attributable to the Group's five largest customers	7%

Jilin Province Songyuan Petrochemical Company Limited ("Songyuan Petrochemical") was one of the top five suppliers of the Company and a connected person of the Company by virtue that Mr. Zhao Jinmin, an executive Director and one of the controlling shareholders, owned more than 30% of the registered capital in Changchun Yitonghe. Given Songyuan Petrochemical was owned as to approximately 97.87% by Changchun Yitonghe, Songyuan Petrochemical is regarded as an associate of Mr. Zhao Jinmin, and hence a connected person of the Company pursuant to Rule 14A.12(1)(c) of the Listing Rules.

Aggregate sales attributable to the Group's five largest customers were less than 30% of the total turnover of the Group in both the years of 2023 and 2024.

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

DIRECTORS

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

Executive Directors

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

Non-executive Director

Mr. Xu Huilin (resigned with effect from 29 February 2024)

Independent Non-executive Directors

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

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

DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in pages 83 to 86 of this annual report.

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

Save as disclosed as update in Directors' and senior managements' biographies set out in pages 83 to 85 of this annual report, there are no changes to the Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Details of the emoluments of the directors and the five highest paid individuals of the Company in 2024 are set out in notes 8 and 9 to the consolidated financial statements.

The aggregate of basic salaries, housing allowances, other allowances and benefits in-kind of the 5 highest paid individuals of the Company for the financial year ended 31 December 2024 was amounted to approximately RMB5,223,000.

The aggregate of discretionary bonuses paid to the 5 highest paid individuals of the Company for the financial year ended 31 December 2024 was amounted to approximately RMB180,000.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year ended 31 December 2024 or at any time during the financial year ended 31 December 2024.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company, Mr. Zhao Jinmin and Mr. Liu Yingwu have entered into a service contract with the Company commencing on 1 April 2017, and Mr. Ma Haidong, Mr. Wang Zhiwei and Ms. Bian Xiaodan have entered into a service contract with the Company commencing on 24 August 2020, 27 July 2022 and 29 August 2024 respectively, all of which may be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

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

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

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

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2024 was the Company, or any of its holding company or subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS AND OFFICERS INSURANCE

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

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

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

As at 31 December 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 a controlled corporation	209,829,240 (long position)	56.03%
Mr. Liu Yingwu ("**Mr. Liu**") *(Note 2)*	Interest of a controlled corporation	27,287,600 (long position)	7.29%
Ms. Bian Xiaodan ("**Ms. Bian**") *(Note 3)*	Interest of spouse	940,000 (long position)	0.25%

Notes:

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

2. *These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year Limited ("**Heroic Year**"); and (ii) 9,700,000 Shares held in the name of Amber Heyday Limited ("**Amber Heyday**"). Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director. By virtue of the SFO, Mr. Liu is deemed to be interested in the shares in which Heroic Year and Amber Heyday are interested.*

3. *These 940,000 Shares were held by Ms. Bian's spouse. By virtue of the SFO, Ms. Bian is deemed to be interested in these Shares.*

Long Position in the Shares of the Associated Corporations

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

Save as disclosed above, as at 31 December 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 31 December 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:

1. *These underlying shares comprise (i) 130,148,240 Shares held in the name of Golden Truth; and (ii) 71,780,000 Shares held in name of Propitious Peak Limited. Propitious Peak is wholly owned by Golden Truth which is in turn wholly owned by Mr. Zhao, our Chairman, an executive Director and Chief Executive Officer.*

2. *Ji Yuanyuan is the spouse of Mr. Zhao. By virtue of the SFO, Ji Yuanyuan is deemed to be interested in the shares in which Mr. Zhao is interested.*

3. *These underlying shares comprise (i) 23,381,400 Shares held in the name of Dynamic Fame Global Limited ("**Dynamic Fame**"); and (ii) 14,550,000 Shares held in name of Immense Ocean Limited ("**Immense Ocean**"). Immense Ocean is wholly owned by Dynamic Fame is in turn wholly owned by Ms. Xu Hang, our substantial shareholder. By virtue of the SFO, Ms. Xu Hang is deemed to be interested in the shares in which Dynamic Fame and Immense Ocean are interested.*

4. *These underlying shares comprise (i) 17,587,600 Shares held in the name of Heroic Year; and (ii) 9,700,000 Shares held in name of Amber Heyday. Amber Heyday is wholly owned by Heroic Year which is in turn wholly owned by Mr. Liu, an executive Director.*

5. *Ma Dan is the spouse of Mr. Liu. By virtue of the SFO, Ma Dan is deemed to be interested in the shares in which Mr. Liu is interested.*

Save as disclosed above, as at 31 December 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 were approved and adopted by the Company on 21 September 2017 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and to enable to the Company and its subsidiaries to recruit and retain high-calibre employees.

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

Initially the maximum number of shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate number of the shares in issue as at the date of the Listing equivalent to 23,450,200 shares of the Company, which is approximately 6.3% of the issued share capital of the Company as at the date of this annual report.

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

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

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

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

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

The Share Option Scheme will expire on 20 September 2027. No options have been granted under the Share Option Scheme as at 31 December 2024, or as at the date of this annual report.

EMOLUMENT POLICY

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

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

The Group operates a Mandatory Provident Fund ("**MPF**") Scheme under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2024.

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS AND OTHERS

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

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

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

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save and except for the interests of our controlling shareholders in our Company and disclosed in the Prospectus and Circular, during the year ended 31 December 2024, neither our Directors and their respective close associates (other than members of our Group) has any interest in a business, apart from the business of our Group, which competes or likely compete, either directly or indirectly, with the business of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

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

CONTINUING CONNECTED TRANSACTIONS

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

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

(ii) on normal commercial terms or better; and

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

Details of the above-mentioned continuing connected transactions and the actual amount incurred for the year ended 31 December 2024 or as at 31 December 2024 are summarized as follows:

	From 1 January 2024/ the effective date to 31 December 2024 RMB million
Provision of Petroleum and Liquefied Gas Transportation Service Agreement (Annual cap: RMB35 million)	
Provision of petroleum and liquefied gas transportation services for 3 years by Jieli Logistics to Changchun Yitonghe in consideration for the payment of transportation service fee. The agreement was entered on 15 November 2023. Details of the transactions are set out in the announcement dated 15 November 2023.	22.14
Petroleum Supply Agreement (Annual cap: RMB3,200 million)	
The petroleum supply agreement for 3 years entered into between Changchun United Strength Power Company Limited ("New United Strength") and Songyuan Petrochemical, pursuant to which Songyuan Petrochemical will supply petroleum to the Group. The agreement was entered on 1 December 2022. Details of the transactions are set out in the announcement dated 1 December 2022 and the circular dated 2 December 2022.	2,932.32
Refined Oil Products Supply Agreement (Annual cap: RMB70 million)	
The agreement entered into between New United Strength and United Strength Vehicle Service, pursuant to which United Strength Vehicle Service will procure refined oil products from the Group. The agreement was entered on 1 December 2022. Details of the transactions are set out in the announcement dated 1 December 2022.	47.54
Liquefied Petroleum Gas Products Supply Agreement (Annual cap: RMB300 million)	
The agreement entered into between Longjing United Strength Energy Development Company Limited and Songyuan Petrochemical, pursuant to which Songyuan Petrochemical will procure Liquefied Petroleum Gas from the Group. The agreement was entered on 11 July 2024. Details of the transactions are set out in the announcement dated 11 July 2024 and the circular dated 12 July 2024.	158.12

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

Related party transactions entered into by the Group for the Year are disclosed in Note 26 to the consolidated financial statements.

The related party transactions included in Note 26(a) to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. These transactions are disclosed in the Director's Report as required by Chapter 14A of the Listing Rules, except for which are exempted from disclosure. The related party transactions included in Note 26(b) to the consolidated financial statements did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The Company has appointed KPMG as the auditor of the Company for the year ended 31 December 2024. KPMG will retire and, being eligible, will offer itself for re-appointment. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The Company did not change its external auditor in the past three years.

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

27 March 2025

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of United Strength Power Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 105 to 171, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Assessment of the potential impairment of property, plant and equipment

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

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

KEY AUDIT MATTERS (continued)

Assessment of the potential impairment of property, plant and equipment (continued) *Refer to Note 11 to the consolidated financial statements and the accounting policies in Note 2(i)(ii).*	
The Key Audit Matter	**How the matter was addressed in our audit**
For cash-generating units ("CGUs") where indicators of impairment were identified, management compares the carrying amounts of the property, plant and equipment allocated to these CGUs with the respective recoverable amounts, which are estimated by preparing the relevant discounted cash flow forecasts, to determine the amounts of impairment losses, if any. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement in determining the relevant inputs to be included in the discounted cash flow forecasts and the assumptions adopted therein, including forecast selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG, forecast expenses and the applicable discount rates.	– assessing management's discounted cash flow forecasts for those CGUs where impairment indicators were identified by comparing the key assumptions adopted by management, in particular, forecast selling prices, purchase prices and sales volume of refined oil, CNG, LPG and LNG and forecast expenses, with our understanding, experience and knowledge of the Group's refuelling stations and storage facilities business and the refined oil, CNG, LPG and LNG industry in general; – comparing the key data used in the management's discounted cash flow forecasts for those CGUs with market and other externally available information, such as comparing the forecast selling prices and purchase prices of refined oil, CNG, LPG and LNG with external market data as at 31 December 2024, with consideration of the available market and external information; – comparing key financial data, including revenue, cost of sales and expenses, included in the discounted cash flow forecasts with the budgets approved by the board of directors;

KEY AUDIT MATTERS (continued)

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

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Ka Chun.

KPMG
Certified Public Accountants

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

27 March 2025

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	4	**7,724,326**	7,346,895
Cost of sales		**(7,284,476)**	(6,924,632)
Gross profit	4(b)	**439,850**	422,263
Other income	5	**5,353**	10,053
Staff costs	6(b)	**(159,090)**	(158,532)
Depreciation expenses	6(c)	**(62,798)**	(71,702)
Impairment (loss)/reversal on trade receivables	24(a)	**(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	13	**1,201**	(15,135)
Finance costs	6(a)	**(29,738)**	(34,390)
Profit before taxation	6	**94,313**	64,073
Income tax	7	**(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)	10	**0.18**	0.11

The notes on pages 112 to 171 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024 *(Expressed in RMB)*

	2024 RMB'000	2023 RMB'000
Profit for the year	**70,656**	43,304
Other comprehensive income for the year (after tax):		
Item 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

The notes on pages 112 to 171 form part of these financial statements.

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	*11*	**427,782**	488,498
Investment properties		**1,581**	1,711
Interest in an associate	*13*	**54,545**	52,185
Deferred tax assets	*22(b)*	**59,651**	39,237
		543,559	581,631
Current assets			
Inventories	*14*	**140,362**	185,439
Trade and bills receivables	*15*	**95,630**	34,258
Prepayments, deposits and other receivables	*16*	**933,224**	948,828
Income tax recoverable	*22(a)*	**5,880**	7,573
Cash at bank and on hand	*17*	**158,628**	156,867
		1,333,724	1,332,965
Current liabilities			
Bank and other loans	*18(a)*	**445,175**	351,778
Trade and bills payables	*19*	**2,748**	27,160
Accrued expenses, other payables and contract liabilities	*20*	**549,717**	665,671
Lease liabilities	*21*	**87,357**	82,317
Income tax payable	*22(a)*	**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
Non-current liabilities			
Bank and other loans	*18(b)*	**47,840**	42,000
Lease liabilities	*21*	**177,538**	216,328
Deferred tax liabilities	*22(b)*	**2,927**	3,467
		228,305	261,795
NET ASSETS		**547,955**	512,107

	Note	**At 31 December 2024 RMB'000**	At 31 December 2023 RMB'000
CAPITAL AND RESERVES	*23*		
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

Approved and authorised for issue by the board of directors on 27 March 2025.

Zhao Jinmin
Chairman

Liu Yingwu
Director

The notes on pages 112 to 171 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024 *(Expressed in RMB)*

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 (Note 23(c))	Share premium RMB'000 (Note 23(d)(i))	Other reserve RMB'000 (Note 23(d)(ii))	Statutory reserve RMB'000 (Note 23(d)(iii))	Exchange reserve RMB'000 (Note 23(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 2023:									
Profit for the year	–	–	–	–	–	39,489	39,489	3,815	43,304
Other comprehensive income for the year	–	–	–	–	1,330	–	1,330	(46)	1,284
Total comprehensive income	–	–	–	–	1,330	39,489	40,819	3,769	44,588
Distributions to non-controlling equity holder of a subsidiary	–	–	–	–	–	–	–	(105)	(105)
	–	–	–	–	–	–	–	(105)	(105)
Balance at 31 December 2023	32,293	711,315	(700,106)	15,000	8,963	402,038	469,503	42,604	512,107

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 (Note 23(c))	Share premium RMB'000 (Note 23(d)(i))	Other reserve RMB'000 (Note 23(d)(ii))	Statutory reserve RMB'000 (Note 23(d)(iii))	Exchange reserve RMB'000 (Note 23(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 2024:									
Profit for the year	-	-	-	-	-	67,791	67,791	2,865	70,656
Other comprehensive income for the year	-	-	-	-	722	-	722	(71)	651
Total comprehensive income	-	-	-	-	722	67,791	68,513	2,794	71,307
Special dividend approved during the year	-	(27,345)	-	-	-	-	(27,345)	-	(27,345)
Distributions to non-controlling equity holders of subsidiaries approved during the year	-	-	-	-	-	-	-	(8,114)	(8,114)
	-	(27,345)	-	-	-	-	(27,345)	(8,114)	(35,459)
Balance at 31 December 2024	32,293	683,970	(700,106)	15,000	9,685	469,829	510,671	37,284	547,955

The notes on pages 112 to 171 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024 *(Expressed in RMB)*

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		**94,313**	64,073
Adjustments for:			
Depreciation expenses	6(c)	**62,798**	71,702
Net loss/(gain) on disposal of property, plant and equipment	5	**774**	(164)
Net gain on disposal of subsidiaries	5	**–**	(1,300)
Finance costs	6(a)	**29,738**	34,390
Interest income	5	**(1,020)**	(1,190)
Share of results and impairment loss of an associate	13	**(1,201)**	15,135
Changes in working capital:			
Decrease/(increase) in inventories		**45,077**	(50,281)
(Increase)/decrease in trade and bills receivables		**(61,372)**	33,739
Decrease/(increase) in prepayments, deposits and other receivables		**39,658**	(362,843)
Increase/(decrease) in trade and bills payables		**(24,412)**	(36,522)
(Decrease)/increase in accrued expenses, other payables and contract liabilities		**(124,812)**	313,144
Cash generated from operations		**59,541**	79,883
Income tax paid	22(a)	**(40,660)**	(45,085)
Net cash generated from operating activities		**18,881**	34,798
Investing activities			
Payments for purchase of property, plant and equipment		**(15,205)**	(48,216)
Proceeds from disposal of property, plant and equipment		**7,057**	4,738
Net proceeds from disposal of subsidiaries		**–**	520
Interest received		**1,020**	1,190
Net cash used in investing activities		**(7,128)**	(41,768)

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Proceeds from bank and other loans	*17(b)*	**451,015**	404,778
Repayment of bank and other loans	*17(b)*	**(351,778)**	(309,925)
Capital element of lease rentals paid	*17(b)*	**(28,324)**	(35,935)
Interest element of lease rentals paid	*17(b)*	**(18,841)**	(21,500)
Dividends paid to equity shareholders of the Company	*17(b)*	**(27,355)**	–
Distributions paid to non-controlling equity holder of a subsidiary	*17(b)*	**(14)**	(105)
Net decrease/(increase) in pledged bank deposits		**22,000**	(32,000)
Payment of taxes and surcharges in connection with taxes chargeable to certain subsidiaries prior to their becoming the Group's subsidiaries		**(24,054)**	–
Interest paid	*17(b)*	**(10,576)**	(12,228)
Net cash generated/(used in) financing activities		**12,073**	(6,915)
Net increase/(decrease) in cash and cash equivalents		**23,826**	(13,885)
Cash and cash equivalents at 1 January	*17(a)*	**46,517**	60,297
Effect of foreign exchange rate changes		**(65)**	105
Cash and cash equivalents at 31 December	*17(a)*	**70,278**	46,517

The notes on pages 112 to 171 form part of these financial statements.

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.

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(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.

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

The number of refuelling stations and storage facilities of the Group as at 31 December 2024 was as follows:

	Owned by the Group		Operated by the Group under entrusted management agreements	
	Refuelling stations	Petroleum storage facilities	Refuelling stations	Petroleum storage facilities
At 31 December 2024	**38**	**2**	**39**	**1**
At 31 December 2023	42	2	39	1

2 MATERIAL ACCOUNTING POLICIES (continued)

(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.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). It is initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(f) Investment property

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(s)(ii)(a).

2 MATERIAL ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

The items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs (see Note 2(u)), less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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

Depreciation methods, useful lives and residual value are reviewed annually and adjusted if appropriate.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets

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

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

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

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

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

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

(i) Credit losses and impairment of assets

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

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

– financial assets measured at amortised cost (including cash at bank and on hand, and trade and other receivables);

– contract assets; and

– lease receivables.

2 MATERIAL ACCOUNTING POLICIES (continued)

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

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

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

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

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (continued)

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

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

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

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

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)

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

(ii) Impairment of non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(j) Inventories and other contract costs

(i) Inventories

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

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

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

(ii) Other contract costs

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

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventories, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(s)(i)).

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

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

(l) Trade and other receivable

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

2 MATERIAL ACCOUNTING POLICIES (continued)

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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

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

(s) Revenue and other income

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

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

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of goods

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

(b) Render of services

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 MATERIAL ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(u) Borrowing costs

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(v) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(w) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Impairment of long-lived assets

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

(b) Depreciation

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

(c) Determining the lease term

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

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

	2024 **RMB'000**	2023 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 4(b).

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue in 2024 (2023: Nil). Details of the Group's concentrations of credit risk are set out in Note 24(a).

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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

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

– Sale of refined oil: this segment carries out sales of refined oil to vehicular end-users by operating petroleum refuelling stations, 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.

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (continued)

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 RMB'000	Sale of natural gas RMB'000	Provision of transportation services RMB'000	Total 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

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	**7,801,266**	7,436,401
Elimination of inter-segment revenue	**(76,940)**	(89,506)
Consolidated revenue *(Note 4(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.

5 OTHER INCOME

	2024 RMB'000	2023 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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2024 RMB'000	2023 RMB'000
Interest expenses on:		
– bank and other loans	**10,576**	12,228
– lease liabilities *(Note 11(b)(ii))*	**19,162**	22,162
	29,738	34,390

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

(b) Staff costs:

	2024 RMB'000	2023 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.

6 PROFIT BEFORE TAXATION (continued)

(c) Other items:

	2024 RMB'000	2023 RMB'000
Depreciation expenses:		
– owned property, plant and equipment (*Note 11*)	**22,552**	27,106
– right-of-use assets *(Note 11)*	**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 *(Note 11(b)(ii))*	**4,433**	2,428
Auditors' remuneration – audit services	**5,800**	5,800
Cost of inventories *(Note 14(b))*	**7,271,588**	6,904,915

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024 RMB'000	2023 RMB'000
Current taxation *(Note 22(a))*		
Provision for the year	**44,611**	44,760
Deferred taxation *(Note 22(b))*		
Origination and reversal of temporary differences	**(20,954)**	(23,991)
	23,657	20,769

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

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

	2024 RMB'000	2023 RMB'000
Profit before taxation	**94,313**	64,073
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**24,295**	19,585
Tax effect of non-deductible expenses	**445**	573
Tax concessions *(Notes (iv) and (v))*	**(2,436)**	(1,569)
Tax effect of share of results and impairment loss of an associate	**(198)**	2,497
Tax effect of unused tax losses and temporary differences not recognised	**201**	(317)
Tax effect of the withholding tax in connection with the retained profits to be distributed by a subsidiary	**1,350**	–
Actual tax expense	**23,657**	20,769

Notes:

(i) The Company and subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2024 (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% for the year ended 31 December 2024 (2023: 25%).

(iv) Pursuant to tax relief policies issued by Ministry of Finance and State Taxation Administration of the PRC in 2024, 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 year ended 31 December 2024 (2023: 5%).

(v) One of the Group's subsidiaries in the Mainland China enjoyed a preferential PRC Corporate Income Tax rate of 15% (2023:15%) applicable for enterprise with advanced and new technologies.

8 DIRECTORS' EMOLUMENTS

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

	2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr Zhao Jinmin	–	1,303	–	93	1,396
Mr Liu Yingwu	–	972	–	87	1,059
Mr Wang Zhiwei	–	310	–	88	398
Mr Ma Haidong	–	310	–	87	397
Ms Bian Xiaodan (appointed on 29 August 2024)	–	1,250	106	33	1,389
Non-executive director					
Mr Xu Huilin (resigned on 29 February 2024)	–	56	–	–	56
Independent non-executive directors					
Ms Su Dan	56	–	–	–	56
Mr Lau Ying Kit	111	–	–	–	111
Mr Zhang Zhifeng	56	–	–	–	56
	223	4,201	106	388	4,918

8 DIRECTORS' EMOLUMENTS (continued)

	2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr Zhao Jinmin	–	1,319	–	59	1,378
Mr Liu Yingwu	–	995	–	59	1,054
Mr Wang Zhiwei	–	326	–	56	382
Mr Ma Haidong	–	326	–	58	384
Non-executive director					
Mr Xu Huilin (resigned on 29 February 2024)	–	324	–	–	324
Independent non-executive directors					
Ms Su Dan	270	–	–	–	270
Mr Lau Ying Kit	270	–	–	–	270
Mr Zhang Zhifeng	270	–	–	–	270
	810	3,290	–	232	4,332

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: two) are directors of the Company whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2023: three) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, discretionary bonuses and other emoluments	1,302	2,329
Retirement scheme contributions	78	110
	1,380	2,439

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

	2024 Number of individuals	2023 Number of individuals
HK$Nil – HK$1,000,000	1	1
HK$1,000,001 – HK$1,500,000	1	2
	2	3

10 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 ordinary shares (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.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts

	Buildings and properties RMB'000	Refuelling equipment, storage facilities and related equipment RMB'000	Motor vehicles and other equipment RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:						
At 1 January 2023	87,745	127,036	133,857	5,809	548,612	903,059
Additions	6,515	2,734	7,133	7,103	22,955	46,440
Transfer in/(out)	–	269	5,005	(5,274)	–	–
Disposal of subsidiaries	(74)	(745)	(737)	–	–	(1,556)
Disposals	(7)	(1,480)	(5,393)	–	(27,538)	(34,418)
At 31 December 2023	94,179	127,814	139,865	7,638	544,029	913,525
Accumulated depreciation and impairment losses:						
At 1 January 2023	36,823	87,939	101,228	–	139,302	365,292
Charge for the year	2,676	8,605	15,825	–	44,435	71,541
Written back on disposal of subsidiaries	(29)	(276)	(704)	–	–	(1,009)
Written back on disposals	(4)	(1,012)	(4,190)	–	(5,591)	(10,797)
At 31 December 2023	39,466	95,256	112,159	–	178,146	425,027
Carrying amount:						
At 31 December 2023	54,713	32,558	27,706	7,638	365,883	488,498
Cost:						
At 1 January 2024	94,179	127,814	139,865	7,638	544,029	913,525
Additions	353	106	11,413	3,658	–	15,530
Transfer in/(out)	–	1,994	2,497	(4,491)	–	–
Disposals	(649)	(14,452)	(23,099)	(244)	(26,753)	(65,197)
At 31 December 2024	93,883	115,462	130,676	6,561	517,276	863,858
Accumulated depreciation and impairment losses:						
At 1 January 2024	39,466	95,256	112,159	–	178,146	425,027
Charge for the year	2,823	6,775	12,954	–	40,116	62,668
Written back on disposals	(364)	(11,905)	(20,280)	–	(19,070)	(51,619)
At 31 December 2024	41,925	90,126	104,833	–	199,192	436,076
Carrying amount:						
At 31 December 2024	51,958	25,336	25,843	6,561	318,084	427,782

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Right-of-use assets

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Land use rights *(Note 11(b)(iii))*	**130,794**	137,688
Buildings and properties *(Note 11(b)(iv))*	**174**	597
Refuelling equipment, storage facilities and related equipment *(Note 11(b)(iv))*	**187,116**	227,598
	318,084	365,883

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

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset *(Note 6(c))*:		
– Land use rights	**4,927**	4,958
– Buildings and properties	**424**	2,375
– Refuelling equipment, storage facilities and related equipment	**34,765**	37,102
	40,116	44,435
Interest expenses on lease liabilities *(Note 6(a))*	**19,162**	22,162
Operating lease charges relating to short-term leases and leases of low-value assets *(Note 6(c))*	**4,433**	2,428

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

(iv) These leases mainly expiring from 3 to 10 years from inception, and some of them include an option to renew when all terms are renegotiated. None of the leases includes variable lease payments.

(v) Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(c) and 21, respectively.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Assets leased out under operating leases

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Buildings and properties	**4,774**	4,367
Motor vehicles and other equipment	**84**	80
	4,858	4,447

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

Undiscounted minimum lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**1,479**	1,277
After 1 year but within 5 years	**4,892**	3,561
After 5 years	**–**	1,668
	6,371	6,506

(Expressed in RMB unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

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

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

(Expressed in RMB unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of establishment/ incorporation and business	Particulars of registered/ issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Longjing United Strength Energy Technology Development Company Limited (龍井眾誠能源技術開發有限公司) *(Note (i))*	The PRC	RMB3,600,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Yanbian United Strength Energy Technology Development Company Limited (延邊眾誠能源技術開發有限公司) *(Note (i))*	The PRC	RMB500,000	60%	–	60%	Development of energy technology
Baishan United Strength Taixing Power Company Limited (白山眾誠泰興能源有限公司) *(Note (i))*	The PRC	RMB500,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Changchun United Strength Power Company Limited ("New United Strength") (長春眾誠能源有限公司) *(Note (ii))*	The PRC	RMB10,000,000	100%	–	100%	Investment holding
Eternal Global Investment Limited ("Eternal Global") *(Note (iii))*	The British Virgin Islands	USD10,000	100%	100%	–	Investment holding
Gongzhuling City United Strength Petroleum Distribution Company Limited (公主嶺市眾誠連鎖石油經銷有限公司) *(Note (i))*	The PRC	RMB10,000,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Changchun United Strength Lvneng Charging Network Operation Company Limited (長春眾誠綠能充電網運營有限公司) *(Note (i))*	The PRC	Registered capital of RMB500,000 and paid-in capital of RMBNil	100%	–	100%	Provision of electronic vehicle charging service
Sino Regent International Limited ("Sino Regent") *(Note (iii))*	Hong Kong	1 share	51%	–	100%	Investment holding
Yanbian Jieli Logistics Company Limited (延邊捷利物流有限公司) *(Note (i))*	The PRC	RMB50,000,000	100%	–	100%	Provision of transportation services
Shenyang Xinxin Transportation Company Limited (瀋陽欣鑫運輸有限公司) *(Note (i))*	The PRC	RMB2,000,000	100%	–	100%	Provision of transportation services
Dandong United Strength Vessel Petroleum Company Limited (丹東眾誠船舶燃油有限公司) *(Note (i))*	The PRC	RMB15,000,000	55%	–	55%	Sale of refined oil by operating refuelling stations
Liaoyuan City Hengtai Clean Energy Company Limited (遼源市恒泰清潔能源有限公司) *(Note (i))*	The PRC	RMB5,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations

(Expressed in RMB unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of establishment/ incorporation and business	Particulars of registered/ issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Jilin Province Haotuo Petroleum Development and Usage Company Limited (吉林省昊拓石油開發利用有限公司) *(Note (i))*	The PRC	RMB5,000,000	100%	–	100%	Sale of refined oil by operating refuelling stations
Meihekou City Yujia Petrochemical Company Limited (梅河口市譽嘉石化有限公司) *(Note (i))*	The PRC	RMB10,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations
Yanbian Xinyuan Natural Gas Sales Company Limited (延邊鑫源天然氣銷售有限公司) *(Note (i))*	The PRC	RMB5,000,000	100%	–	100%	Sale of natural gas to vehicular end-users by operating refuelling stations

Notes:

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

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

(iii) *These companies are limited liability companies incorporated outside of the Chinese Mainland.*

12 INVESTMENTS IN SUBSIDIARIES (continued)

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
NCI percentage:		
– Liaoning Oilfield	**45%**	45%
Non-current assets	**11,064**	12,183
Current assets	**230,070**	221,001
Current liabilities	**185,154**	166,071
Net assets	**55,980**	67,113
Net assets attributable to NCI	**24,160**	28,835

	2024 RMB'000	2023 RMB'000
Revenue	**2,136,456**	2,396,062
Profit and total comprehensive income for the year	**7,609**	11,440
Profit and total comprehensive income attributable to NCI	**3,425**	5,148

13 INTEREST IN AN ASSOCIATE

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

Name of associate	Place of establishment and business	Particulars of registered and paid-up capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
China Travel Service International Financial Leasing Company Limited ("CTS Financial Leasing") (中旅融資租賃有限公司) *	The PRC	Registered capital of RMB500,000,000 and paid-in capital of RMB181,100,000	30%	–	30%	Provision of financial leasing services

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

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

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Gross amounts of CTS Financial Leasing's		
Non-current assets	**185,529**	237,592
Current assets	**283,304**	262,184
Current liabilities	**(125,132)**	(108,137)
Non-current liabilities	**(77,398)**	(117,542)
Equity	**266,303**	274,097

	2024 RMB'000	2023 RMB'000
Revenue	**28,750**	30,537
Net profit and total comprehensive income	**4,095**	2,815

13 INTEREST IN AN ASSOCIATE (continued)

	2024 RMB'000	2023 RMB'000
Carrying amount of interest in an associate		
At 1 January	**52,185**	66,911
Share of profits	**1,201**	844
Impairment loss *(Note (i))*	**–**	(15,979)
Exchange adjustments	**1,159**	409
At 31 December	**54,545**	52,185

Note:

(i) The Group assessed at the end of each reporting period whether there is any indication that interest in an associate may be impaired. If any such indication exists, the Group estimated the recoverable amount of the investment. During the year ended 31 December 2024, impairment loss of RMBNil (2023: RMB15,979,000) was recognised.

The recoverable amount of the interest in an associate is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by CTS Financial Leasing covering a five-year period. These cash flow projections adopted annual growth rates ranging from 28% to 30% (2023: 20% to 30%), which are based on CTS Financial Leasing's historical experience with the business and adjusted for other factors that are specific to the interest in an associate. Cash flows beyond the five-year period are extrapolated with no long-term growth, which is based on the relevant industry growth forecasts. The cash flows are discounted using a discount rate of 13% (2023: 14%). The discount rates used are pre-tax and reflect specific risks relating to the interest in an associate.

14 INVENTORIES

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Refined oil	135,410	179,284
Gases	569	696
Spare parts	4,383	5,459
	140,362	185,439

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

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	7,271,588	6,904,915

15 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.

15 TRADE AND BILLS RECEIVABLES (continued)

(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

Further details on the Group's credit policy and credit risk are set out in Note 24(a).

16 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
Amounts due from non-controlling equity holders of subsidiaries *(Note (i))*	**24,054**	–
Others	**9,453**	10,507
Financial assets measured at amortised cost *(Note (ii))*	**46,771**	38,796
	933,224	948,828

Notes:

(i) *During the year ended 31 December 2024, two subsidiaries of the Group, Liaoning Oilfield and Dandong Kuandian (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 year ended 31 December 2024, the relevant equity holders of the Subsidiaries repaid such amount to the Group subsequently.*

(ii) *All of the deposits and other receivables are expected to be recovered or recognised as expenses within one year.*

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

(a) Cash at bank and on hand comprise:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank and on hand	**70,278**	46,517
Pledged and restricted bank deposits *(Note (i))*	**88,350**	110,350
Cash at bank and on hand in the consolidated statement of financial position	**158,628**	156,867
Less: pledged and restricted bank deposits	**(88,350)**	(110,350)
Cash and cash equivalents in the consolidated cash flow statement	**70,278**	46,517

Notes:

(i) The balances were pledged for bank and other loans of and bills issued by the Group (see Note 18(d)).

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

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

(b) Reconciliation of liabilities arising from financing activities

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

	Bank and other loans RMB'000 *(Note 18)*	Interest payable RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000 *(Note 21)*	Total RMB'000
At 1 January 2024	393,778	–	–	298,645	692,423
Changes from financing cash flows:					
Proceeds from bank and other loans	451,015	–	–	–	451,015
Repayment of bank and other loans	(351,778)	–	–	–	(351,778)
Capital element of lease rentals paid	–	–	–	(28,324)	(28,324)
Interest element of lease rentals paid	–	–	–	(18,841)	(18,841)
Special dividend paid to equity shareholders of the Company	–	–	(27,355)	–	(27,355)
Distributions paid to non-controlling equity holder of a subsidiary	–	–	(14)	–	(14)
Interest paid	–	(10,576)	–	–	(10,576)
Total changes from financing cash flows	99,237	(10,576)	(27,369)	(47,165)	14,127
Exchange adjustments	–	–	10	–	10
Other changes:					
Net decrease in lease liabilities during the year	–	–	–	(5,747)	(5,747)
Special dividend approved during the year	–	–	27,345	–	27,345
Distributions to non-controlling equity holders of subsidiaries	–	–	8,114	–	8,114
Finance costs *(Note 6(a))*	–	10,576	–	19,162	29,738
Total other changes	–	10,576	35,459	13,415	59,450
At 31 December 2024	493,015	–	8,100	264,895	766,010

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

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

	Bank and other loans RMB'000 *(Note 18)*	Interest payable RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000 *(Note 21)*	Total RMB'000
At 1 January 2023	298,925	–	–	351,961	650,886
Changes from financing cash flows:					
Proceeds from bank and other loans	404,778	–	–	–	404,778
Repayment of bank and other loans	(309,925)	–	–	–	(309,925)
Capital element of lease rentals paid	–	–	–	(35,935)	(35,935)
Interest element of lease rentals paid	–	–	–	(21,500)	(21,500)
Distributions to non-controlling equity holder of a subsidiary	–	–	(105)	–	(105)
Interest paid	–	(12,228)	–	–	(12,228)
Total changes from financing cash flows	94,853	(12,228)	(105)	(57,435)	25,085
Other changes:					
Net decrease in lease liabilities during the year	–	–	–	(18,043)	(18,043)
Distributions to non-controlling equity holder of a subsidiary	–	–	105	–	105
Finance costs *(Note 6(a))*	–	12,228	–	22,162	34,390
Total other changes	–	12,228	105	4,119	16,452
At 31 December 2023	393,778	–	–	298,645	692,423

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

(c) Total cash outflows for leases

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

	2024 RMB'000	2023 RMB'000
Within operating cash flows		
– Lease rentals paid	**4,433**	2,428
Within investing cash flows		
– Payments for purchase of land-use-rights	**–**	22,955
Within financing cash flows		
– Lease rentals paid	**47,165**	57,435
	51,598	82,818

18 BANK AND OTHER LOANS

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans:		
Secured by property, plant and equipment, investment properties, bills receivable and/or restricted bank deposits of the Group, and/or guaranteed by a subsidiary or related parties *(Note 18(d))*	**320,350**	280,350
Guaranteed by a subsidiary or related parties	**109,325**	12,528
Guaranteed by a third party	**10,000**	56,900
Unsecured	**3,000**	–
	442,675	349,778
Add: current portion of long-term bank and other loans *(Note 18(b))*	**2,500**	2,000
	445,175	351,778

18 BANK AND OTHER LOANS (continued)

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

	At 31 December 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 *(Note 18(d))*	**50,340**	44,000
Less: current portion of long-term bank and other loans *(Note 18(a))*	**(2,500)**	(2,000)
	47,840	42,000

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**2,500**	2,000
After 1 year but within 2 years	**41,500**	2,000
After 2 year but within 5 years	**6,340**	40,000
	50,340	44,000

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Property, plant and equipment	**32,141**	30,159
Investment properties	**1,615**	1,711
Bills receivable	**66,000**	–
Restricted bank deposits *(Note 17(a))*	**88,350**	110,350
	188,106	142,220

18 BANK AND OTHER LOANS (continued)

(e) At 31 December 2024, bank loans and bank acceptance bills facilities of the Group amounted to RMB286,000,000 (2023: RMB205,900,000), and were utilised to the extent of RMB251,340,000 (2023: RMB154,900,000). These facilities are secured by the Group's property, plant and equipment and/or guaranteed by Mr. Zhao Jinmin and his spouse or guaranteed by a third party.

(f) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 24(b). At 31 December 2024, none of the covenants relating to the bank loans had been breached (2023: None).

19 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 payables	**–**	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

20 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
Amounts 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 and LPG 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.

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 Management Agreement (as defined and described in Note 26). During the year ended 31 December 2024, the payments, in aggregate, 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.*

21 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 set out in Note 2(h). 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.

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2024 RMB'000	2023 RMB'000
Income tax payable at 1 January, net	**6,195**	6,520
Provision for the year *(Note 7(a))*	**44,611**	44,760
Income tax paid	**(40,660)**	(45,085)
Income tax payable at 31 December, net	**10,146**	6,195
Representing:		
Income tax payable	**16,026**	13,768
Income tax recoverable	**(5,880)**	(7,573)
	10,146	6,195

(b) Deferred tax assets and liabilities recognised

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

Deferred tax arising from:	Unused tax losses RMB'000	Credit loss allowance RMB'000	Impairment loss on property, plant and equipment RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Fair value adjustments on property, plant and equipment and subsequent depreciation RMB'000	Retained profits to be distributed RMB'000	Net RMB'000
At 1 January 2023	8,171	632	79	(70,379)	77,404	(3,177)	(951)	11,779
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	21,232	(533)	–	13,428	(10,797)	112	549	23,991
At 31 December 2023	29,403	99	79	(56,951)	66,607	(3,065)	(402)	35,770
At 1 January 2024	**29,403**	**99**	**79**	**(56,951)**	**66,607**	**(3,065)**	**(402)**	**35,770**
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	**17,914**	**456**	**–**	**27,603**	**(25,559)**	**138**	**402**	**20,954**
At 31 December 2024	**47,317**	**555**	**79**	**(29,348)**	**41,048**	**(2,927)**	**–**	**56,724**

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

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

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

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**59,651**	39,237
Deferred tax liabilities recognised in the consolidated statement of financial position	**(2,927)**	(3,467)
	56,724	35,770

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses and certain deductible temporary differences of RMB12,584,000 (2023: RMB12,743,000) as it is not probable that future taxable profits against which the losses or the temporary differences can be utilised will be available in the relevant tax jurisdiction and entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can only be carried forward for five years.

(d) Deferred tax liabilities not recognised

At 31 December 2024, taxable temporary differences relating to the undistributed profits of the subsidiaries of the Group established in the PRC (excluding Hong Kong) amounted to RMB259,484,000 (2023: RMB211,766,000), where deferred tax liabilities in respect of the PRC withholding tax that would be payable on the distributions of these profits have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

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

	Share capital RMB'000 *(Note 23(c))*	Share premium RMB'000 *(Note 23(d)(i))*	Exchange reserve RMB'000 *(Note 23(d)(iv))*	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	32,293	711,315	6,488	(7,260)	742,836
Changes in equity for 2023:					
Loss for the year	–	–	–	(10,033)	(10,033)
Other comprehensive income for the year	–	–	10,379	–	10,379
Total comprehensive income	–	–	10,379	(10,033)	346
At 31 December 2023 and 1 January 2024	**32,293**	**711,315**	**16,867**	**(17,293)**	**743,182**
Changes in equity for 2024:					
Loss for the year	**–**	**–**	**–**	**(9,184)**	**(9,184)**
Other comprehensive income for the year	**–**	**–**	**15,470**	**–**	**15,470**
Total comprehensive income	**–**	**–**	**15,470**	**(9,184)**	**6,286**
Special dividend approved during the year *(Note 23(b)(iii))*	**–**	**(27,345)**	**–**	**–**	**(27,345)**
At 31 December 2024	**32,293**	**683,970**	**32,337**	**(26,477)**	**722,123**

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

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

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

(c) Share capital

	2024		2023	
	No. of shares '000	HK$'000	No. of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	800,000	80,000	800,000	80,000

	2024		2023	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	374,502	32,293	374,502	32,293

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 34 of the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time.

(ii) Other reserve

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

(iii) Statutory reserve

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

(iv) Exchange reserve

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

(e) Capital management

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

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

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

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is not exposed to significant currency risk.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with high credit standings, which the Group considers to represent low credit risk. The Group's exposure to credit risk in respect of guarantees is disclosed in Note 26(a).

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer or debtor rather than the industry in which the customers or debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers or debtors. At 31 December 2024, 27% (2023: 12%) and 58% (2023: 36%) of the trade receivables were due from the Group's largest debtor and the five largest debtors, respectively.

Individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates. The Group's customers include individual and corporate customers, and cash before delivery is generally required for all individual customers, where credit terms of one month are granted to corporate customers. Normally, the Group does not obtain collateral from customers.

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

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

(a) Credit risk (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2024:

	At 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.0%	25,369	254
Less than 1 month past due	3.0%	1,994	60
1 to 3 months past due	19.1%	2,183	417
Over 3 months past due	64.8%	2,316	1,501
		31,862	2,232

	At 31 December 2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.0%	33,982	340
Less than 1 month past due	3.0%	393	12
1 to 3 months past due	16.4%	280	45
		34,655	397

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

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

(a) Credit risk (continued)

Trade receivables (continued)

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

	2024 RMB'000	2023 RMB'000
Balance at 1 January	397	2,544
Impairment loss/(reversal) during the year	1,835	(2,147)
Balance at 31 December	2,232	397

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay:

	At 31 December 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank and other loans	448,465	42,549	6,474	–	497,488	493,015
Trade and bills payables	2,748	–	–	–	2,748	2,748
Accrued expenses and other payables measured at amortised cost	200,579	–	–	–	200,579	200,579
Lease liabilities	53,781	48,277	139,732	30,631	272,421	264,895
	705,573	90,826	146,206	30,631	973,236	961,237

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

(b) Liquidity risk (continued)

	At 31 December 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank and other loans	358,861	4,929	40,734	–	404,524	393,778
Trade and bills payables	27,160	–	–	–	27,160	27,160
Accrued expenses and other payables measured at amortised cost	408,381	–	–	–	408,381	408,381
Lease liabilities	94,130	58,399	142,137	76,503	371,169	298,645
	888,532	63,328	182,871	76,503	1,211,234	1,127,964

(c) Interest rate risk

(i) Interest rate risk profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest bearing bank borrowings and lease liabilities. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Fixed rate borrowings:		
Bank and other loans	**483,015**	383,778
Lease liabilities	**264,895**	298,645
	747,910	682,423
Variable rate borrowings:		
Bank and other loans	**10,000**	10,000
	757,910	692,423

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

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB75,000 (2023: RMB75,000).

(d) Fair value measurement of financial instruments

Fair value of financial instruments carried at other than fair value

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

25 COMMITMENTS

Capital commitments outstanding at 31 December 2024 not provided for in the consolidated financial statements were as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Commitments in respect of acquisitions of property, plant and equipment:		
– Contracted for	**–**	2,890
– Authorised but not contracted for	**27,135**	33,580
	27,135	36,470

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the material related party transactions entered into by the Group during the year are set out below.

(a) Transactions with the ultimate controlling party, companies controlled by the ultimate controlling party of the Company and his close family member

	2024 RMB'000	2023 RMB'000
Sales of goods	205,663	18,434
Provision of transportation services	22,143	21,421
Purchases of goods	2,932,319	2,581,758
Rental income from operating leases	354	225
Operating lease charges (recognised as depreciation and interest expenses from right-of-use assets under IFRS 16)	49,266	51,299
Operating lease charges	979	1,309
Service fee paid for other services received	4,676	2,063
Payments on behalf of the Group through *(Note 20(i))*:		
– bank acceptance notes	1,875,000	1,095,110
– cash	805,520	722,065
Payments to related party for the Group's purchases	2,902,992	1,468,737
Pledge provided by the Group *(Note (i))*	–	27,426
Guarantees received for the Group's bank and other loans at the end of the reporting period	313,675	30,000
Guarantees received for the Group's banking facilities at the end of the reporting period	50,000	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 exposure of the Group at 31 December 2023 under the pledge is RMB27,426,000, being the carrying amount of pledged property, plant and equipment. During the year ended 31 December 2024, Changchun Yitonghe repaid the bank loan and the pledge has been released.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees of the Group as disclosed in Note 9, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	6,339	7,056
Contributions to defined contribution retirement plans	658	399
	6,997	7,455

Total remuneration is included in "staff costs" in Note 6(b).

27 COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Interests in subsidiaries	*12*	**717,831**	726,637
Right-of-use assets		**–**	390
		717,831	727,027
Current assets			
Dividends receivable		**–**	8,696
Cash and cash equivalents		**4,550**	7,915
		4,550	16,611
Current liabilities			
Other payables		**258**	76
Lease liabilities		**–**	380
		258	456
Net current assets		**4,292**	16,155
NET ASSETS		**722,123**	743,182
CAPITAL AND RESERVES	*23*		
Share capital		**32,293**	32,293
Reserves		**689,830**	710,889
TOTAL EQUITY		**722,123**	743,182

Approved and authorised for issue by the board of directors on 27 March 2025.

Zhao Jinmin
Chairman

Liu Yingwu
Director

(Expressed in RMB unless otherwise indicated)

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding company and ultimate controlling party of the Company at 31 December 2024 to be Golden Truth Holdings Limited, which is incorporated in the British Virgin Islands, and Mr. Zhao Jinmin, respectively. Golden Truth Holdings Limited does not produce financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the year ended 31 December 2024 is extracted from the financial statements in this annual report.

RESULTS

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**7,724,326**	7,346,895	6,089,366	5,830,081	3,481,322
Profit before taxation	**94,313**	64,073	36,872	252,124	170,814
Income tax	**(23,657)**	(20,769)	(17,921)	(70,200)	(46,451)
Profit for the year	**70,656**	43,304	18,951	181,924	124,363
Attributable to:					
Equity shareholders of the Company	**67,791**	39,489	16,530	176,620	123,283
Non-controlling interests	**2,865**	3,815	2,421	5,304	1,080
Profit for the year	**70,656**	43,304	18,951	181,924	124,363

ASSETS AND LIABILITIES

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**1,877,283**	1,914,596	1,555,454	1,544,375	1,056,037
Total liabilities	**1,329,328**	1,402,489	1,087,830	1,095,714	784,111
	547,955	512,107	467,624	448,661	271,926
Total equity attributable to					
Equity shareholders of the Company	**510,671**	469,503	428,684	411,804	241,305
Non-controlling interests	**37,284**	42,604	38,940	36,857	30,621
	547,955	512,107	467,624	448,661	271,926