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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)

ANNOUNCEMENT

**REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED
TRANSACTIONS IN RESPECT OF THE OIL REFUELLING SERVICES
UNDER THE COOPERATION ARRANGEMENT**

BACKGROUND

Reference is made to the Announcement in relation to, among others, the Cooperation Arrangement. Pursuant to the Cooperation Arrangement, Changchun Yitonghe (for itself and other members of the Yitonghe Group), amongst others, supplies fuel oil at the oil refuelling stations operated by them to Jieli Logistics (for itself and other members of the Group).

REVISED ANNUAL CAPS

With the continued business development of the Group and Jieli Logistics, and based on estimates of demand and operating conditions, the Directors expect that the existing annual caps in respect of oil refuelling services by Changchun Yitonghe (for itself and other members of the Yitonghe Group) to Jieli Logistics for the years 2019 and 2020 will not be sufficient for the Group's requirements. Accordingly, the Company proposed to revise the annual caps for the oil refuelling fee (in respect of the oil refuelling services under the Cooperation Arrangement).

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Changchun Yitonghe was owned as to 74% by Mr. Zhao, 15% by Ms. Xu, 10% by Mr. Liu and 1% by Mr. QG Wang as at the date of this announcement. Since Mr. Zhao, a Controlling Shareholder and an executive Director, owned more than 30% of the equity interests in Changchun Yitonghe, Changchun Yitonghe is regarded as an associate of Mr. Zhao, and hence a connected person of the Company pursuant to the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the revised annual caps on the oil refuelling fee (in respect of the oil refuelling services under the Cooperation Arrangement) is more than 0.1% but less than 5% and all of the applicable percentage ratios are less than 5%, the transaction contemplated under the oil refuelling services pursuant to the Cooperation Arrangement is therefore subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement in relation to the revision of annual caps.

BACKGROUND

Reference is made to the Announcement in relation to, among others, the Cooperation Arrangement. Pursuant to the Cooperation Arrangement, Changchun Yitonghe (for itself and other members of the Yitonghe Group), amongst others, supplies fuel oil at the oil refuelling stations operated by them to Jieli Logistics (for itself and other members of the Group), in view that Yitonghe Group operates an extensive network of oil refuelling stations in Jilin Province which overlaps with the transportation network operated by Jieli Logistics and that Jieli Logistics has been refuelling its transportation vehicles at the oil refuelling stations operated by the Yitonghe Group from time to time.

REVISED ANNUAL CAPS

With the continued business development of the Group and Jieli Logistics, and based on estimates of demand and operating conditions, the Directors expect that the existing annual caps in respect of oil refuelling services by Changchun Yitonghe (for itself and other members of the Yitonghe Group) to Jieli Logistics for the years 2019 and 2020 will not be sufficient for the Group's requirements. Accordingly, the Company proposed to revise the annual caps for the oil refuelling fee (in respect of the oil refuelling services under the Cooperation Arrangement) as follows:

	Year ending 31 December 2019 (RMB'000)	Year ending 31 December 2020 (RMB'000)
Original annual caps	8,050	8,050
Revised annual caps	15,000	15,000

The pricing policy and other terms of the Cooperation Arrangement have not been changed or modified in any way. Details of the major terms of the Cooperation Arrangement are set out in the paragraph headed “CONTINUING CONNECTED TRANSACTIONS – A. THE COOPERATION ARRANGEMENT” in the Announcement.

The revised annual caps for the two financial years ending 31 December 2019 and 2020, has been determined by reference to (a) the historical transaction amount of the oil refuelling fee; and (b) Jieli Logistics’ anticipated demand for the Yitonghe Group’s oil refuelling service during the two years ending 31 December 2020.

Historical figures

For the period from 1 January 2019 to the date of this announcement, the aggregate fees paid by the Group to Changchun Yitonghe in respect of the oil refuelling services under the Cooperation Arrangement were RMB7,860,000 which have not yet exceeded the original annual cap of RMB8,050,000 for the financial year ending 31 December 2019 as set out in the Announcement.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

Yitonghe Group operates an extensive network of oil refuelling stations in Jilin Province which overlaps with the transportation network operated by Jieli Logistics. As such, Jieli Logistics has been refuelling its transportation vehicles at the oil refuelling stations operated by the Yitonghe Group from time to time. The Directors consider that it would be beneficial to the Group for Jieli Logistics to use its existing oil refuelling arrangement. The Directors (including the independent non-executive Directors) are of the view that the revised annual caps as stated above are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

BOARD’S APPROVAL

The revised annual caps under the oil refuelling services under the Cooperation Arrangement were approved by the Board. Changchun Yitonghe was owned as to 74% by Mr. Zhao, 15% by Ms. Xu, 10% by Mr. Liu and 1% by Mr. QG Wang as at the date of this announcement. As each of Mr. Zhao and Mr. Liu has or may be regarded as having a material interest in the Cooperation Arrangement, each of them has abstained from voting in the relevant board meeting of the Company.

GENERAL

INFORMATION OF CHANGCHUN YITONGHE

Changchun Yitonghe and its subsidiaries are principally engaged in the distribution of petroleum and/or oil to vehicular end-users by operating petroleum refuelling stations, sales of petroleum products and other petroleum-related businesses.

INFORMATION OF THE GROUP

The principal business of the Group is the operation of CNG, LNG and LPG refuelling stations and mixed refuelling stations which sell CNG and LNG and provision of petroleum and gas transportation services in Jilin and Heilongjiang Provinces.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Changchun Yitonghe was owned as to 74% by Mr. Zhao, 15% by Ms. Xu, 10% by Mr. Liu and 1% by Mr. QG Wang as at the date of this announcement. Since Mr. Zhao, a Controlling Shareholder and an executive Director, owned more than 30% of the equity interests in Changchun Yitonghe, Changchun Yitonghe is regarded as an associate of Mr. Zhao, and hence a connected person of the Company pursuant to the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the revised annual caps on the oil refuelling fee (in respect of the oil refuelling services under the Cooperation Arrangement) is more than 0.1% but less than 5% and all of the applicable percentage ratios are less than 5%, the transaction contemplated pursuant to the oil refuelling services under the Cooperation Arrangement is therefore subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement in relation to the revision of annual caps.

DEFINITIONS

“Announcement”	the announcement of the Company dated 19 January 2018
“Board”	the board of Directors
“Changchun Yitonghe”	Changchun Yitonghe Petroleum Distribution Company Limited (長春伊通河石油經銷有限公司), a limited liability company established under the laws of PRC on 7 April 1997, which was owned as to 74% by Mr. Zhao, 15% by Ms. Xu, 10% by Mr. Liu and 1% by Mr. QG Wang as at the date of this announcement
“Company”	United Strength Power Holdings Limited (眾誠能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2337)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Cooperation Agreement”	the cooperation agreement dated 19 January 2018 entered into between Jieli Logistics and Changchun Yitonghe in respect of the Cooperation Arrangement, details of which are set out in the Announcement
“Cooperation Arrangement”	the cooperation arrangement in respect of the lease of the gas transportation vehicles, the lease of office premises, and the oil refuelling service pursuant to the Cooperation Agreement
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than those who have material interest in the Cooperation Agreement and the transactions contemplated thereunder
“Jieli Logistics”	Jilin Province Jieli Logistics Company Limited (吉林省捷利物流有限公司), a limited liability company established under the laws of PRC on 21 April 2005, which is an indirect wholly-owned subsidiary of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Yingwu (劉英武先生), a Shareholder and an executive Director
“Mr. QG Wang”	Mr. Wang Qingguo (王慶國先生), a Shareholder and a former executive Director
“Mr. Zhao”	Mr. Zhao Jinmin (趙金岷先生), a Controlling Shareholder of the Company and an executive Director and the Chairman of the Board
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company

“Yitonghe Group”

Changchun Yitonghe and its subsidiaries from time to time

“%”

per cent

By order of the Board
United Strength Power Holdings Limited
Mr. Zhao Jinmin
Chairman

Hong Kong, 28 August 2019

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

* *For identification purpose only*