

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE OIL REFUELLING SERVICES UNDER THE COOPERATION ARRANGEMENT**

#### **BACKGROUND**

Reference is made to the Announcement of the Company dated 19 January 2018 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). Reference is also made to the announcement of the Company dated 28 August 2019 in relation to the revision of annual caps of the continuing connected transactions in respect of the oil refuelling services under the Cooperation Arrangement (the “**Revision of Annual Cap Announcement**”). The Company would like to provide further information in respect of the said Cooperation Arrangement regarding the oil refuelling services.

#### **THE COOPERATION ARRANGEMENT**

On 19 January 2018 (after trading hours), Jieli Logistics and Changchun Yitonghe entered into the Cooperation Agreement, pursuant to which, amongst others, Changchun Yitonghe (for itself and other members of the Yitonghe Group) would supply fuel oil at the oil refuelling stations operated by them to Jieli Logistics (for itself and other members of the Group) for a term of not more than three years from the registration date, being the effective date of the Cooperation Agreement (the “**Registration Date**”) to 31 December 2020.

As set out in the Revision of Annual Cap Announcement, 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 such, the Company will have to re-comply with the Listing Rules announcement requirement.

### **LISTING RULES IMPLICATIONS**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Changchun Yitonghe was owned as to approximately 60.90% by Mr. Zhao, as to approximately 12.34% by Ms. Xu, a substantial Shareholder, as to approximately 8.23% by Mr. Liu, as to approximately 0.82% by Mr. QG Wang, as to approximately 7.63% by 長春潤德時代投資諮詢中心(有限合夥), as to approximately 6.30% by 長春盛隆時代投資諮詢中心(有限合夥), and as to approximately 3.78% by 長春匯眾時代投資諮詢中心(有限合夥) 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. 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.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction under the Cooperation Agreement in respect of the oil refuelling services and 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%, the transaction in respect of the oil refuelling services under the Cooperation Agreement is subject to the compliance with the announcement, reporting and annual review requirements but exempted from circular (including the independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **BACKGROUND**

Reference is made to the Announcement of the Company dated 19 January 2018 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). Reference is also made to the announcement of the Company dated 28 August 2019 in relation to the Revision of Annual Cap Announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Revision of Annual Cap Announcement. The Company would like to provide further information in respect of the said Cooperation Arrangement regarding the oil refuelling services.

As set out in the Revision of Annual Cap Announcement, 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 such, the Company will have to re-comply with the Listing Rules announcement requirement.

## THE COOPERATION ARRANGEMENT

On 19 January 2018 (after trading hours), Jieli Logistics and Changchun Yitonghe entered into the Cooperation Agreement, pursuant to which, amongst others, Changchun Yitonghe (for itself and other members of the Yitonghe Group) would supply fuel oil at the oil refuelling stations operated by them to Jieli Logistics (for itself and other members of the Group) for a term of not more than three years from the Registration Date (being the effective date of the Cooperation Agreement) to 31 December 2020.

Principal terms of the Cooperation Agreement are summarised as follows: –

- Date : 19 January 2018
- Parties : (1) Jieli Logistics; and  
(2) Changchun Yitonghe.
- Term (period) : Not more than three years from the Registration Date (being the effective date of the Cooperation Agreement) to 31 December 2020.
- Cooperation Arrangement in respect of the oil refuelling service : Changchun Yitonghe (for itself and other members of the Yitonghe Group) will supply fuel oil at the oil refuelling stations operated by them to Jieli Logistics (for itself and other members of the Group).
- Determination of oil refuelling fee in respect of the oil refuelling service : The oil refuelling fee is the market price of the fuel oil the Yitonghe Group will charge the third party for the oil refuelling service at the oil refuelling station. The oil refuelling fee and other terms for the oil refuelling service shall not be, in respect of Jieli Logistics, less favourable than the terms for the oil refuelling service obtained from other Independent Third Parties.
- Payment term in respect of the oil refuelling service : The oil refuelling fee is payable on monthly basis and shall be paid by Jieli Logistics to the Yitonghe Group on the 10th day of the subsequent month.

## Historical Amount

For the three years ended 31 December 2018 and the period from 1 January 2019 up to the date of the Revision of Annual Cap Announcement, the oil refuelling fee in respect of the oil refuelling service paid by Jieli Logistics to Changchun Yitonghe were set out below:

	Year ended 31 December			For the
	2016	2017	2018	period from
	(RMB'000)	(RMB'000)	(RMB'000)	1 January
	(unaudited)	(unaudited)	(unaudited)	2019 to the
				date of the
				Revision of
				Annual Cap
				Announcement
				(RMB'000)
				(unaudited)
Oil refuelling fee (in respect of the oil refuelling service)	6,955	6,190	7,190	7,860 <sup>(1)</sup>

*Note:* Such amount 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.

## Revised Annual Caps

As set out in the Revision of Annual Cap Announcement, the proposed revised annual caps for the oil refuelling fee (in respect of the oil refuelling services under the Cooperation Arrangement) is RMB15 million for the years ending 31 December 2019 and 2020.

In determining the above annual caps, our Directors have considered generally:

- (a) the historical amount of the oil refuelling fee; and
- (b) Jieli Logistics' demand for the Yitonghe Group's oil refuelling service during the three years ended 31 December 2018 and the anticipated demand for the two years ending 31 December 2020.

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 (i) the lease of gas transportation vehicles and (ii) lease of the office premises in the Cooperation Arrangement are set out in the paragraph headed "CONTINUING CONNECTED TRANSACTIONS – A. THE COOPERATION ARRANGEMENT" in the Announcement.

## **REASONS FOR AND BENEFITS OF THE COOPERATION ARRANGEMENT IN RELATION TO THE SUPPLY OF FUEL OIL AT REFUELLING STATIONS**

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 continue its existing oil refuelling arrangement.

The Directors (including the independent non-executive Directors), after reviewing the terms of the Cooperation Agreement in respect of the oil refuelling services, are of the view that the Cooperation Agreement in respect of the oil refuelling services at the oil refuelling stations operated by Changchun Yitonghe to Jieli Logistics as set out in the Cooperation Agreement have been entered into on normal commercial terms (or on terms which are no less favourable to the Group), in the ordinary and usual course of business of the Group and the terms of the Cooperation Agreement in respect of the oil refuelling services as well as the respective proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For the reasons and benefits of the revised annual caps, please refer to the Revision of Annual Cap Announcement.

## **LISTING RULES IMPLICATIONS**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Changchun Yitonghe was owned as to approximately 60.90% by Mr. Zhao, as to approximately 12.34% by Ms. Xu, a substantial Shareholder, as to approximately 8.23% by Mr. Liu, as to approximately 0.82% by Mr. QG Wang, as to approximately 7.63% by 長春潤德時代投資諮詢中心(有限合夥), as to approximately 6.30% by 長春盛隆時代投資諮詢中心(有限合夥), and as to approximately 3.78% by 長春匯眾時代投資諮詢中心(有限合夥) 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. 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.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction under the Cooperation Agreement in relation to the supply of fuel oil at the oil refuelling stations and 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%, the transaction in relation to the supply of fuel oil under the Cooperation Agreement is subject to the compliance with the announcement, reporting and annual review requirements but exempted from circular (including the independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **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, upstream petroleum supplies 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.

### **INFORMATION OF THE JIELI LOGISTICS**

Jieli Logistics is a wholly-owned subsidiary of the Group and is principally engaged in the operation and management of petroleum and gas transportation services in Jilin Province of the PRC. It became the Company's wholly-owned subsidiary upon completion of its acquisition by the Group on 6 March 2018.

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

Hong Kong, 5 September 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*