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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of United Strength Power Holdings Limited (the “**Company**”) dated 29 September 2017 (the “**Prospectus**”), the interim report of the Company dated 13 September 2021 (the “**2021 Interim Report**”) and the announcement of the Company dated 31 January 2019 (the “**Announcement**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as defined in the Prospectus, the 2021 Interim Report and the Announcement.

The Company has received net proceeds (the “**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. As at the date of this announcement, the Group utilised an aggregate amount of approximately HK\$64.8 million of the Net Proceeds, representing approximately 56% of the Net Proceeds. The unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) amounted to approximately HK\$50.8 million, representing approximately 44% of the Net Proceeds.

Set out below is a summary of the original allocation of the Net Proceeds, the revised allocation of Net Proceeds as set out in the Announcement and the utilisation of the Net Proceeds as at the date of this announcement:

	Original allocation <i>HK\$'000</i>	Revised allocation pursuant to the Announcement <i>HK\$'000</i>	Utilisation as at the date of this announcement <i>HK\$'000</i>	Remaining balance as at the date of this announcement <i>HK\$'000</i>
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	4,972	828
General working capital	5,800	5,800	5,800	–
Establishment of an industry merger and acquisition fund	–	50,000	–	50,000
Acquisition of Silver Spring and assignment of the shareholder's loan	–	34,500	34,500	–
Total	115,600	115,600	64,772	50,828

For the reasons set out in the paragraph headed “Reasons for change in use of proceeds” of this announcement below, the Board has resolved to further change the use of Unutilised Net Proceeds as follows:

	Original allocation under the Announcement <i>HK\$'000</i>	Revised allocation <i>HK\$'000</i>	Utilisation as at the date of this announcement <i>HK\$'000</i>	Remaining balance after revised allocation <i>HK\$'000</i>
Finance the expansion of the CNG refuelling station network	19,500	19,500	19,500	–
Strengthen the marketing and promotion strategies	5,800	5,800	4,972	828
General working capital	5,800	5,800	5,800	–
Establishment of an industry merger and acquisition fund	50,000	–	–	–
Acquisition of Silver Spring and assignment of the shareholder's loan	34,500	34,500	34,500	–
Expansion of petroleum and gas refuelling station network	–	50,000	–	50,000
Total	115,600	115,600	64,772	50,828

REASONS FOR AND BENEFITS FOR THE CHANGE IN USE OF PROCEEDS

As set out in the announcement of the Company dated 27 November 2018, the Group intended to use HK\$50 million to invest in industry development trends, mergers and acquisitions, integration of business, and improving and consolidating industry position of the Company. However, as of the date of this announcement, the Board did not locate any targets with suitable budget and valuation for acquisition.

Through the acquisition of Eternal Global Investment Limited (“**Eternal Global**”) in 2020, the Group successfully expanded to the petroleum refuelling business and petroleum wholesale business. To enable the Group to better utilize its financial resources, the Company plans to use HK\$50 million for further expansion of the petroleum and gas refuelling station network. This reallocation is in line with the actual operation and overall development strategy of the Group to build a wider sales network, which will increase the market share of the Company. As at 31 December 2021, the Group’s petroleum and gas refuelling station network comprised a total of 94 stations, representing an increase of three stations since the end of 2020. The Directors believe that the expansion of petroleum and gas station network will broaden the asset and income of the Group and will be beneficial to the Company and its shareholders as a whole.

The Board considers that the above 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 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 as set out in the Prospectus, the Interim Report, the Announcement and above, and will revise or amend such plans to cope with the changing market conditions to ensure the business growth of the Group.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 31 January 2019
“Board”	the board of Directors
“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)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange commenced from 16 October 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	as ascribed in this announcement
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 29 September 2017
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 30 March 2022

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