

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.



中國管業集團有限公司 China Pipe Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00380)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “Board”) of China Pipe Group Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021, are as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Note	Unaudited	
		For the six months ended 30 June 2022	Restated 2021
		2022 HK\$'000	2021 HK\$'000
Continuing operation:			
Revenue	2	322,004	305,134
Cost of sales	4	(226,790)	(217,265)
Gross profit		95,214	87,869
Other gains, net	3	2,217	661
Selling and distribution costs	4	(9,468)	(9,577)
General and administrative expenses	4	(48,578)	(51,598)
Operating profit		39,385	27,355
Finance income	5	2,447	2,312
Finance costs	5	(2,754)	(3,031)
Finance costs, net	5	(307)	(719)
Profit before income tax		39,078	26,636
Income tax expense	6	(7,015)	(4,529)
Profit for the period from continuing operation		32,063	22,107
Discontinued operation:			
Profit for the period from discontinued operation	11	-	348
Profit for the period		32,063	22,455

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months ended 30 June 2022

		Unaudited	
		For the six months ended 30 June	
		2022	Restated
	<i>Note</i>	HK\$'000	2021
			HK\$'000
Profit/(loss) attributable to:			
Equity holders of the Company		32,063	22,564
Non-controlling interests		-	(109)
		32,063	22,455
		HK cents	HK cents
Earnings per share	7		
Basic and diluted			
From continuing operation		2.41	1.66
From discontinued operation		-	0.03
		2.41	1.69
		HK\$'000	HK\$'000
Dividend	8	-	-

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	For the six months ended 30 June	
	2022	Restated 2021
	HK\$'000	HK\$'000
Profit for the period	32,063	22,455
Other comprehensive income/(loss):		
Item that may be subsequently reclassified to profit or loss:		
Currency translation differences	(402)	205
Release of exchange reserve upon disposal of subsidiaries	-	835
Other comprehensive (loss)/income for the period, net of tax	(402)	1,040
Total comprehensive income for the period	31,661	23,495
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	31,661	23,583
Non-controlling interests	-	(88)
	31,661	23,495
Total comprehensive income attributable to Equity holders of the Company:		
Continuing operation	31,661	22,249
Discontinued operation	-	1,334
	31,661	23,583

There was no tax impact relating to the components of other comprehensive income for the six months ended 30 June 2021 and 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Unaudited 30 June 2022 <i>HK\$'000</i>	Restated Audited 31 December 2021 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		5,604	1,751
Loan to a related company	9	78,650	-
Right-of-use assets		100,228	96,480
Intangible assets		349	375
Rental deposits and other assets	9	7,324	6,598
		192,155	105,204
Current assets			
Loan to a related company	9	-	78,152
Inventories		239,190	273,874
Trade receivables	9	141,485	159,554
Deposits, prepayments and other receivables	9	73,685	65,057
Financial assets at fair value through profit or loss		1,541	1,706
Tax recoverable		-	2
Pledged certificate of deposit		-	10,000
Pledged bank deposits		46,000	36,000
Cash and bank balances		209,342	172,084
		711,243	796,429
Total assets		903,398	901,633

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2022

	Unaudited	Restated
	30 June	31 December
	2022	2021
<i>Note</i>	HK\$'000	HK\$'000
EQUITY		
Equity holders		
Share capital	26,645	26,645
Reserves	628,120	596,459
Total Equity	654,765	623,104
LIABILITIES		
Non-current liabilities		
Lease liabilities	87,234	85,099
Deferred tax liabilities	2,086	1,663
Other non-current liabilities	799	974
	90,119	87,736
Current liabilities		
Trade payables, other payables and contract liabilities	10 75,964	108,550
Taxation payable	13,412	7,497
Lease liabilities	21,491	18,727
Borrowings	47,647	56,019
	158,514	190,793
Total liabilities	248,633	278,529
Total equity and liabilities	903,398	901,633
Net current assets	552,729	605,636
Total assets less current liabilities	744,884	710,840

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated interim financial information should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except for described below, the accounting policies adopted are consistent with those used in the audited consolidated annual financial statements for the year ended 31 December 2021.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

a) Adoption of amendments to standards

The Group has applied the following amendments to standards for the first time for the annual reporting period commencing 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
AG 5(Revised)	Merger Accounting for Common Control Combinations
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual improvements project	Annual Improvements to HKFRS Standards 2018-2020

In the current interim period, the Group has applied for the first time the above amendments to standards issued by the HKICPA that are mandatorily effective from 1 January 2022. The adoption of the above amendments to standards do not have a material impact on the Group’s results of operations or financial position.

The Group has not early adopted any amendments to standards that have been issued but are not yet effective. The Group is assessing the impact of these amendments to standards.

b) Change in Accounting Policy

The Group re-assessed its accounting for the cost of inventory. Prior to 1 January 2022, the cost of inventory was determined on the first-in first-out basis. The directors of the Group consider that the change from first-in first-out method to weighted average method provides more relevant information on the financial performance and value of inventories in connection with the Group’s inventory management process.

The change in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods has been restated. Unaffected items are not included. The relevant effect of this change is shown as below:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

b) Change in Accounting Policy (continued)

Effects on retained earnings

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 31 December		
As previously stated	433,909	371,603
Effects of change in accounting policy	<u>(5,193)</u>	<u>689</u>
As restated	<u>428,716</u>	<u>372,292</u>

Effects on consolidated statement of financial position

	As at 31 December 2021 <i>HK\$'000</i>	As previously stated	Adjustments	As at 31 December 2021 <i>HK\$'000</i>
				Restated
Current assets				
Inventories	280,094		(6,220)	273,874
Current liabilities				
Taxation payable	8,524		(1,027)	7,497

Effects on consolidated income statement

	Six months ended 30 June 2021 <i>HK\$'000</i>	As previously stated	Adjustments	Six months ended 30 June 2021 <i>HK\$'000</i>
				Restated
Cost of sales	211,292		5,973	217,265
Income tax expense	5,514		(985)	4,529
Profit for the period	27,443		(4,988)	22,455

The effect of the change in accounting policy on current period results was to decrease the cost of sales by HK\$17,000 and increase income tax expense by HK\$3,000 resulting in an increase of profit attributable to equity holders of the Company by HK\$14,000.

The effect of the change in accounting policy on consolidated statement of financial position as at 30 June 2022 was to increase inventories by HK\$17,000, increase taxation payable by HK\$3,000 and increase retained earnings by HK\$14,000.

2. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”) that are used to make strategic decisions. The CODM has been identified as the executive directors of the Company. The CODM assesses the performance of the operating segments based on a measure of profit attributable to equity holders of the Company.

During the period, the Group has only one reportable segment, which is trading of pipes and fittings (“Trading of pipes and fittings”).

Trading of pipes and fittings includes wholesale, retail and logistics operations substantially in Hong Kong and Macau.

For the six months ended 30 June 2021, the Group has two reportable segments, which are trading of pipes and fittings and manufacture and sale of biomass pellet fuel products (“Biomass pellet fuel products”). The following summary describes the operations in each of the Group’s reportable segments. Biomass pellet fuel products are contributed by a subsidiary of the Group, 貴州中冠新能源有限公司 (Guizhou Zhongguan New Energy Limited*), which manufactures and sells biomass pellet fuel products in the PRC. The Group discontinued biomass pellet fuel products segment in 2020 and the disposal was completed in March 2021. The results of this segment were presented as discontinued operation for the six months ended 30 June 2021. Details of this discontinued operation are set out in Note 11.

* *For identification purpose only*

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2021 is as follows :

	Restated Unaudited For the six months ended 30 June 2021				
	Reportable segments				
	Continuing operation	Discontinued operation	Total reportable segments	Unallocated	Total
	Trading of pipes and fittings <i>HK\$'000</i>	Biomass pellet fuel products <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	305,134	-	305,134	-	305,134
Results of reportable segments	37,133	348	37,481	-	37,481
Reconciliation of results of reportable segments to profit for the period					
Results of reportable segments					
Unallocated income					19
Unallocated expenses					(9,797)
Operating profit					27,703
Finance income					2,312
Finance costs					(3,031)
Profit before income tax					26,984
Income tax expense					(4,529)
Profit for the period					22,455
Other segment information:					
Depreciation of property, plant and equipment	1,441	-	1,441	17	1,458
Depreciation of right-of-use assets	12,281	-	12,281	-	12,281
Amortisation of intangible assets	26	-	26	-	26
Reversal of impairment of inventories, net	(1,048)	-	(1,048)	-	(1,048)

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

As 30 June 2022 and 31 December 2021, the Group has only one reportable segment. Accordingly, no segment assets and liabilities analysis is presented.

Geographical information

The Group is domiciled in Hong Kong. The Group's revenues from external customers by geographical location are detailed below:

	Revenue Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	283,444	295,928
Macau	37,262	9,206
Mainland China	1,298	-
	322,004	305,134

The Group's non-current assets by geographical location are detailed below:

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Hong Kong	190,951	103,996
Mainland China	1,204	1,208
	192,155	105,204

3. OTHER GAINS, NET

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Net exchange gain	1,312	655
Loss on financial assets at fair value through profit or loss	(170)	(25)
Net loss on disposal of property, plant and equipment	(91)	-
Dividend income from financial assets at fair value through profit or loss	30	31
Hong Kong Government grants	1,136	-
	2,217	661

4. EXPENSES BY NATURE

Operating profit is arrived at after charging/(crediting):

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	Restated 2021 HK\$'000
Cost of inventories sold	220,392	211,490
Amortisation of intangible assets	26	26
Auditor's remuneration	572	513
Depreciation of property, plant and equipment	791	1,458
Depreciation of right-of-use assets	12,093	12,281
Employee benefit expenses (including directors' emoluments)	30,077	34,137
Short-term and low-value lease expenses	1,104	718
Provision for/(reversal of) and write-off of inventories, net	1,580	(1,048)
Other expenses	18,201	18,865
	284,836	278,440
Representing:		
Cost of sales	226,790	217,265
Selling and distribution costs	9,468	9,577
General and administrative expenses	48,578	51,598
	284,836	278,440

5. FINANCE COSTS, NET

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Bank interest income	(303)	(187)
Interest income on loan to a related company	(2,144)	(2,125)
Finance income	(2,447)	(2,312)
Interest expense on bank borrowings wholly repayable within one year	721	676
Interest expenses on lease liabilities	2,033	2,355
Finance costs	2,754	3,031
	307	719

6. INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2022	Restated 2021
	HK\$'000	HK\$'000
Current taxation:		
Hong Kong profits tax	6,499	4,620
Overseas tax	93	52
Over provision in prior years	-	(155)
Deferred taxation	423	12
Income tax expense	<u>7,015</u>	<u>4,529</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the period attributable to equity holders and weighted average number of ordinary shares with adjustments where applicable as follows:

	Unaudited For the six months ended 30 June	
	2022	Restated 2021
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company from continuing operation	32,063	22,107
Profit attributable to equity holders of the Company from discontinued operation	-	457
Profit attributable to equity holders of the Company for the purpose of basic earnings per share	<u>32,063</u>	<u>22,564</u>
Number of shares	Thousands	Thousands
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,332,266</u>	<u>1,332,266</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares arising from the Company's share options. There was no diluted earnings per share for the six months ended 30 June 2022 and 2021 as there was no potential dilutive effect.

8. DIVIDEND

The Board of the directors of the Company ("Board") does not declare interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

9. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Trade receivables	142,687	160,756
Less: loss allowance	(1,202)	(1,202)
Trade receivables – net	<u>141,485</u>	<u>159,554</u>
Prepayments	67,694	57,998
Loan to a related party	-	2,000
Rental deposits	7,025	6,617
Other receivables, deposits and other assets	7,441	6,191
Less: loss allowance	(1,151)	(1,151)
	<u>81,009</u>	<u>71,655</u>
Loan to a related company	78,774	78,276
Less: loss allowance	(124)	(124)
	<u>78,650</u>	<u>78,152</u>
Total of trade and other receivables, deposits and prepayments	301,144	309,361
Less: included in non-current assets		
Rental deposits and other assets	(7,324)	(6,598)
Loan to a related company	(78,650)	-
Included in current assets	<u>215,170</u>	<u>302,763</u>

The Group generally grants credit period of 60 to 90 days to its customers for its trading of pipes and fittings operation. The ageing analysis of the trade receivables based on the due date is as follows:

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Within credit period	91,117	104,189
1 to 30 days	28,287	33,300
31 to 60 days	14,315	15,715
61 to 90 days	3,017	3,982
91 to 120 days	2,624	1,461
Over 120 days	3,327	2,109
	<u>142,687</u>	<u>160,756</u>

10. TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Trade payables	36,745	56,604
Contract liabilities	20,738	27,026
Accrued expenses and other payables	18,481	24,920
	75,964	108,550

The ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Within 30 days	25,906	51,350
31 to 60 days	4,728	3,085
61 to 90 days	4,427	1,679
Over 90 days	1,684	490
	36,745	56,604

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2022, the Group recorded revenue amounted to approximately HK\$322.0 million (2021: HK\$305.1 million), representing an increase of 5.5% as compared with the six months ended 30 June 2021. The profit attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately HK\$32.1 million, as compared to a net profit attributable to equity holders of the Company of approximately HK\$22.6 million (restated) for the same period in 2021, representing an increase of 42.0%.

The basic earnings per share for the six months ended 30 June 2022 was approximately HK2.41 cents as compared to basic earnings per share of approximately HK1.69 cents (restated) for the six months ended 30 June 2021.

Business Review

The Group is a leading provider to the construction sector offering a wide range of pipe (including copper tube, ductile iron and steel pipes) related products, fittings, comprehensive services and solutions to the contractors, designers, consultants and government agencies in Hong Kong and Macau.

For the six months ended 30 June 2022, the COVID-19 pandemic continued to pose challenges to the operations of the Group. The strong resurgence of COVID-19 impacted Hong Kong severely in the first quarter of this year. In response to this fifth epidemic wave in the first quarter of 2022, the Hong Kong Government built more community isolation facilities such as Penny's Bay and Kai Tak Community Isolation Facilities in a very short time. Our proven track record of being a "one-stop-platform" provided high quality pipes and fittings readily to our customers in need. We benefited from the strong and rapid demand for pipes and fittings for building such isolation facilities.

Against this backdrop, the Group recorded growth in revenue for the six months ended 30 June 2022 as compared to the same period last year. The increment was mainly attributable to the Group's competitive advantage in supplying of pipes and fitting immediately to meet the customers' contingency needs. We were awarded "Outstanding Contribution Supplier" by China State Construction Engineering (Hong Kong) Limited, in recognition of the Group's wholly-owned subsidiary, Bun Kee (International) Limited's outstanding performance in supplying high quality products on very short notice.

As for the group, our focus has always been in supplying pipes and fittings. The key projects that the Group participated in supplying of pipes and fittings include the redevelopment of Queen Mary Hospital and Tai Po Area 9 public housing during the period. With our strong presence in Hong Kong and Macau and healthy financial position, we can capture opportunities brought about by the housing development and infrastructure plans in Hong Kong. We can gain notable project orders for our pipes and fittings in Hong Kong and Macau.

Operation Review

The Group's selling and distribution costs decreased 1.1% to HK\$9.5 million for the six months ended 30 June 2022 (corresponding period of 2021: HK\$9.6 million). The decrease was largely due to the decrease in consultancy fees and promotion expenses of HK\$1.3 million which was partially offset by the increase in transportation expenses and sales commission of approximately HK\$1.2 million.

The Group's general and administrative expenses decreased by 5.8% to HK\$48.6 million for six months ended 30 June 2022 (corresponding period of 2021: HK\$51.6 million). The decrease was mainly due to the decrease in staff costs, depreciation of property, plant and equipment and others about HK\$5.1 million. The decrease in expenses was partially offset by the increase in professional fees, rates and building management fee and consumable store expenses approximately HK\$2.1 million.

For the six months ended 30 June 2022, finance income which was mainly from a loan to a related company and bank interest income. The increase in finance income was attributable to the bank interest income increase as the saving interest rate increased. Finance costs mainly consisted of the interest expenses on bank borrowings and lease liabilities. During the period under review, the finance costs were HK\$2.8 million (corresponding period of 2021: HK\$3.0 million), representing a decrease by about 6.7% over last corresponding period. Such decrease was mainly attributable to the decrease in finance costs from lease liabilities and the early repayment of the trust receipts loans. As finance costs outpaced income, we recorded a net finance costs of HK\$0.3 million (corresponding period of 2021: HK\$0.7 million).

PROSPECTS

Despite the resurgence of the COVID-19 pandemic, business activities are returning to almost a regular level. With the Hong Kong Government's support to increase the housing supply initiatives, the Group remains cautiously optimistic about the outlook of the construction industry in Hong Kong. The Hong Kong Government continues to put forward the Northern Metropolis with a view to increase the land supply as well as innovation and technology development. It is believed that this will lay a solid foundation for the demand for construction materials in the future. We will benefit from such initiatives and the rising demand from public housing development.

APPRECIATION

We would like to express our appreciation to the management and staff of the Group for their dedication and commitment. We would also like to offer our gratitude to our valued shareholders, banks and business partners for their continued trust and support.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2022, the cash and bank balances of the Group were approximately HK\$255.3 million (31 December 2021: HK\$208.1 million) including pledged bank deposits amounting to approximately HK\$46.0 million (31 December 2021: HK\$36.0 million). Basically the Group's working capital requirement is financed by its internal resources and banking facilities. The Group believes that funds generated from operations and the available banking facilities will enable the Group to meet its future working capital requirements.

As at 30 June 2022, the Group had aggregate banking facilities of trade finance of approximately HK\$262.3 million (31 December 2021: HK\$262.3 million), of which approximately HK\$52.3 million (31 December 2021: HK\$61.8 million) was utilised. The Group's total borrowings stood at approximately HK\$47.6 million (31 December 2021: HK\$56.0 million), and the entire amount of borrowings for both periods will mature within one year. The entire amount of borrowings outstanding as at 30 June 2022 was HK\$47.6 million (31 December 2021: HK\$56.0 million). 30% (31 December 2021: 18%) and 70% (31 December 2021: 82%) of the borrowings were subject to floating and fixed rates respectively.

The gearing ratio as measured by total bank borrowings to total equity was approximately 7.3% as at 30 June 2022 (31 December 2021 restated: 9.0%). As at 31 December 2021 and 30 June 2022, the entire amount of the Group's borrowings was denominated in Hong Kong dollars.

The Group conducts its business transactions mainly in Hong Kong dollar, Macau Pataca, Renminbi and United States dollar. In order to manage foreign exchange risk, the Group has been closely monitoring its foreign currency exposure and will arrange for any hedging facilities if necessary.

CHARGE ON ASSETS

As at 30 June 2022, certain bank deposits held by subsidiaries of the Group with an aggregate carrying amounts of approximately HK\$46.0 million (31 December 2021: bank deposit of HK\$36.0 million and certificate of deposit of HK\$10.0 million) were pledged to banks for banking facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had no capital commitments (31 December 2021: HK\$560,000 in respect of Enterprise Resources Planning system) contracted for but not provided for in the consolidated financial statements.

STAFF AND REMUNERATION POLICY

As at 30 June 2022, the Group employed a total of 151 employees (31 December 2021: 148). Total employee benefit expenses for the period ended 30 June 2022 was approximately HK\$ 30.0 million (2021: HK\$34.1 million).

Remuneration policy is reviewed annually and certain staff members are entitled to sales commission. In addition to the basic salaries and contributions to the mandatory provident fund, the Group also pays discretionary bonus and provides staff with other benefits including medical scheme for Hong Kong employees. The Group contributes to an employee pension scheme established by the PRC Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group in Mainland China. The Group adopted a share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the result of the Group.

INTERIM DIVIDEND

The Board does not declare interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on Stock Exchange (the “Listing Rules”) throughout the period.

REVIEW BY AUDIT COMMITTEE

The condensed consolidated interim financial information for the six months ended 30 June 2022 has not been audited nor reviewed by the Company’s auditor, PricewaterhouseCoopers, but this report has been reviewed by the audit committee of the Company.

The audit committee has reviewed with management the accounting policies and practices adopted by the Group and financial reporting matters including the review of the unaudited condensed consolidated financial information for the period. The audit committee of the Company currently consists of Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive directors.

COMPLIANCE WITH MODEL CODE OF LISTING RULES

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Company at www.chinapipigroup.com and the website of the Stock Exchange at www.hkexnews.hk. The 2022 interim report of the Company will be available at the website of the Company and the website of the Stock Exchange and despatched to shareholders of the Company in due course.

By Order of the Board
China Pipe Group Limited
Lai Fulin
Chairman

Hong Kong, 29 August 2022

As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive directors.