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**CHINESE PEOPLE HOLDINGS COMPANY LIMITED**

**中民控股有限公司**

*(incorporated in Bermuda with limited liability)* (stock code: 681)

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

**FINANCIAL HIGHLIGHTS**

Revenue for the Period increased approximately by 17.41% to approximately RMB1,477 million (2021: RMB1,258 million) which was attributable to mainly increase in piped gas transmission and distribution and gas distribution businesses.

Profit for the Period amounted to approximately RMB16.68 million (2021: RMB119.24 million), decreased approximately 86.01%.

Basic earnings per share for the Period was RMB0.05 cents (2021: RMB1.18 cents).

The Board does not recommend the payment of an interim dividend for the Period (2021: nil).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Chinese People Holdings Company Limited (the “**Company**”) is hereby to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or the “**Reporting Period**”), together with the unaudited comparative figures for the six months ended 30 June 2021. These interim results have been reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

		(Unaudited)	
		Six months ended	
		30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>		
Revenue	3	<b>1,477,206</b>	1,257,601
Cost of sales and services		<b>(1,323,351)</b>	(1,071,762)
Gross profit		<b>153,855</b>	185,839
Other gains and losses	4	<b>1,271</b>	(9,024)
Other income	5	<b>23,925</b>	18,488
Finance costs	6	<b>(2,038)</b>	(2,932)
Selling and distribution expenses		<b>(68,427)</b>	(73,308)
Administrative expenses		<b>(67,400)</b>	(62,627)
Share of results of associates		<b>8,257</b>	9,111
Share of results of joint ventures		<b>(20,589)</b>	63,820
Profit before tax	7	<b>28,854</b>	129,367
Income tax expense	8	<b>(12,170)</b>	(10,130)
Profit for the period		<b>16,684</b>	119,237
Other comprehensive expense for the period			
Item that will not reclassified subsequently to profit or loss			
– Fair value change on equity instruments at fair value through other comprehensive expense (“FVTOCI”), net of tax		<b>(5,026)</b>	(5,847)
Total comprehensive income for the period		<b>11,658</b>	113,390

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2022</b>	<b>2021</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit for the period attributable to:			
	Owners of the Company	<b>4,070</b>	105,701
	Non-controlling interests	<b>12,614</b>	13,536
		<b><u>16,684</u></b>	<u>119,237</u>
Total comprehensive (expense) income attributable to:			
	Owners of the Company	<b>(623)</b>	99,694
	Non-controlling interests	<b>12,281</b>	13,696
		<b><u>11,658</u></b>	<u>113,390</u>
Earnings per share			
	– basic	<i>10</i> <b><i>RMB</i></b> <b><u>0.05 cents</u></b>	<i>RMB</i> 1.18 cents
	– diluted	<b><u>n/a</u></b>	<u>n/a</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		933,638	908,381
Investment properties		10,720	10,720
Right-of-use assets		101,639	105,396
Intangible assets		20,199	20,814
Interests in associates		145,696	137,439
Interests in joint ventures		1,322,359	1,342,948
Deferred tax assets		4,897	5,649
Equity instruments at FVTOCI		98,206	104,119
Long-term deposits		39,232	48,285
Loan receivable		–	26,133
		<u>2,676,586</u>	<u>2,709,884</u>
<b>Current assets</b>			
Inventories		62,461	50,993
Trade, bills and other receivables and prepayments	11	261,902	204,644
Contract assets		38,186	37,494
Financial assets at fair value through profit or loss ("FVTPL")		–	1,405
Bank balances and cash		529,047	575,164
		<u>891,596</u>	<u>869,700</u>
<b>Current liabilities</b>			
Trade and other payables	12	247,785	245,355
Contract liabilities		223,343	238,453
Tax liabilities		22,088	22,074
Lease liabilities		3,006	3,507
Bank borrowings – due within one year	13	130,000	77,000
		<u>626,222</u>	<u>586,389</u>
<b>Net current assets</b>		<u>265,374</u>	<u>283,311</u>
<b>Total assets less current liabilities</b>		<u><u>2,941,960</u></u>	<u><u>2,993,195</u></u>

		At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
<b>Capital and reserves</b>			
Share capital		564,507	564,507
Reserves		<u>2,136,836</u>	<u>2,137,574</u>
<b>Equity attributable to owners of the Company</b>		<b>2,701,343</b>	2,702,081
<b>Non-controlling interests</b>		<u>209,243</u>	<u>235,039</u>
<b>Total equity</b>		<u>2,910,586</u>	<u>2,937,120</u>
<b>Non-current liabilities</b>			
Lease liabilities		13,052	14,666
Bank borrowings – due after one year	13	–	23,250
Deferred tax liabilities		<u>18,322</u>	<u>18,159</u>
		<u>31,374</u>	<u>56,075</u>
		<u>2,941,960</u>	<u>2,993,195</u>

## NOTES:

### 1. GENERAL INFORMATION

Chinese People Holdings Company Limited (the “**Company**”) is incorporated and domiciled in Bermuda as an exempted company with limited liability on 13 November 1996. On 24 April 1997, the Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” of the Company’s interim report.

The Company acts as an investment holding company. The Group is principally engaged in (i) piped gas transmission and distribution including the provision of piped gas, construction of gas pipelines and the operation of city gas pipeline network, (ii) cylinder gas supply, (iii) distribution of gas and (iv) the fast-moving consumer goods (“**FMCG**”) and food ingredients supply businesses including the operation of chain stores including supermarket and convenience stores in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company’s immediate and ultimate holding company is Ping Da Development Limited, a company incorporated in the British Virgin Islands, which is jointly owned by Dr. Mo Shikang and Miss Mo Yunbi, who are the executive directors of the Company.

The unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

These condensed consolidated financial statements should be read in conjunction with the 2021 consolidated financial statements for the year ended 31 December 2021.

### **Application of new and amendments to HKFRSs**

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment –Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs has no material impact on the Group’s financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the unaudited condensed consolidated financial statements.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

### 3. SEGMENT INFORMATION

#### Operating segments

Information reported to the Group's chief operating decision maker ("CODM"), being the managing director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organisation of the Group.

The Group has been organising its operations into four operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely (i) piped gas transmission and distribution; (ii) cylinder gas supply; (iii) gas distribution and (iv) food ingredients supply and FMCG. They represent four major lines of businesses engaged by the Group. The principal activities of the operating and reportable segments are as follows:

- (i) Piped gas transmission and distribution – sales of piped gas and construction of gas pipeline networks under gas contracts;
- (ii) Cylinder gas supply – sales and distribution of gas using tank containers to end-user households, industrial and commercial customers;
- (iii) Gas distribution – sales of natural gas to industrial and commercial customers, and
- (iv) Food ingredients supply and FMCG – wholesales and retail of merchandise (including but not limited to rice; meat; fresh food and FMCG) through supermarket and convenience stores.

No operating segments have been aggregated to derive the reportable segments for segment information presentation.

Segment results represents the profit (loss) before tax earned (loss incurred) by each segment without allocation of central administration costs, share of results of associates and joint ventures, certain other income and other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM.

There were no inter-segment sales in the Period (2021: nil).

The following is an analysis of the Group's revenue and results by reportable and operating segment.



**For the six months ended 30 June 2022**

	Piped gas transmission and distribution <i>RMB'000</i>	Cylinder gas supply <i>RMB'000</i>	Gas distribution <i>RMB'000</i>	Food ingredients supply and FMCG <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue from external customers	<u>484,421</u>	<u>414,878</u>	<u>527,953</u>	<u>49,954</u>	<u>1,477,206</u>
Segment profit (loss)	<u>39,133</u>	<u>14,122</u>	<u>1,297</u>	<u>(5,439)</u>	49,113
Unallocated income					2,702
Central administration costs					(9,574)
Share of results of associates					8,257
Share of results of joint ventures					(20,589)
Finance costs					<u>(1,055)</u>
Profit before tax					<u>28,854</u>
<b>Other segment information</b>					
Amounts included in the measure of segment results:					
Depreciation and amortisation	20,616	2,430	497	2,844	26,387
Unallocated depreciation and amortisation					<u>113</u>
Total					<u>26,500</u>
(Gain) loss on disposal of property, plant and equipment	(45)	792	-	43	<u>790</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results:</b>					
Interests in associates					145,696
Interests in joint ventures					1,322,359
Share of results of associates					8,257
Share of results of joint ventures					<u>(20,589)</u>

**For the six months ended 30 June 2021**

	Piped gas transmission and distribution <i>RMB'000</i>	Cylinder gas supply <i>RMB'000</i>	Gas distribution <i>RMB'000</i>	Food ingredients supply and FMCG <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue from external customers	<u>433,026</u>	<u>440,210</u>	<u>332,067</u>	<u>52,298</u>	<u>1,257,601</u>
Segment profit (loss)	<u>56,225</u>	<u>9,286</u>	<u>556</u>	<u>(5,339)</u>	60,728
Unallocated income					1,474
Central administration costs					(2,834)
Share of results of associates					9,111
Share of results of joint ventures					63,820
Finance costs					<u>(2,932)</u>
Profit before tax					<u>129,367</u>
<b>Other segment information</b>					
Amounts included in the measure of segment results:					
Depreciation and amortisation	18,483	8,919	498	1,732	29,632
Unallocated depreciation and amortisation					<u>893</u>
Total					<u>30,525</u>
Loss on disposal of property, plant and equipment	58	411	–	60	<u>529</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results:</b>					
Interests in associates					130,921
Interests in joint ventures					1,353,070
Share of results of associates					9,111
Share of results of joint ventures					<u>63,820</u>

The Group's revenue from contracts with customers has been disaggregated as (i) piped gas transmission and distribution (without gas connection), cylinder gas supply, gas distribution and food ingredients supply and FMCG of approximately RMB1,430,991,000 (2021: RMB1,195,041,000) and (ii) gas connection of approximately RMB46,215,000 (2021: RMB62,560,000) for the six months ended 30 June 2022.

## Geographical information

The Group's business is principally carried out in the PRC. All the revenue of the Group for both periods are derived from the PRC based on the locations of goods delivered and services provided and the Group's non-current assets are physically located in the PRC. Accordingly, no geographical information is presented.

## Information about major customers

No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for the Reporting Period and the corresponding period of last year..

## 4. OTHER GAINS AND LOSSES

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loss on disposal of property, plant and equipment	<b>(790)</b>	(529)
Net foreign exchange gain (loss)	<b>789</b>	(214)
Loss on derecognised of financial assets of FVTPL	<b>(1,405)</b>	–
Impairment loss under the expected credit loss model, net of reversal		
– trade receivables from contracts with customers	<b>2,595</b>	(180)
– other receivable	<b>82</b>	(8,101)
	<b>1,271</b>	(9,024)

## 5. OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Bank interest income	<b>2,992</b>	1,478
Government grant	<b>1,391</b>	1,306
Rental income, net	<b>4,155</b>	3,154
Repair and maintenance services income	<b>1,139</b>	1,428
Sales of gas appliance and materials, net	<b>7,630</b>	6,267
Others	<b>6,618</b>	4,855
	<b>23,925</b>	18,488

## 6. FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Interest on bank borrowings	<b>1,584</b>	2,641
Interest on lease liabilities	<b>454</b>	291
	<b>2,038</b>	2,932

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following:

	(Unaudited)	
	Six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs including Directors' emoluments:		
Directors' emoluments	2,287	1,826
Salaries, allowance and benefits in kind	72,237	70,663
Retirement benefits scheme contribution	9,530	7,773
	<b>84,054</b>	80,262
Cost of inventories recognised as expenses	1,300,620	1,053,154
Depreciation of property, plant and equipment	22,025	26,165
Depreciation of right-to-use assets	3,860	3,748
Amortisation of intangible assets (included in administrative expense)	615	612
Contract cost recognised as expense in respect of gas connection construction contracts	17,795	18,608
	<b><u>17,795</u></b>	<b><u>18,608</u></b>

## 8. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax ("EIT")		
– current tax	10,126	6,572
– under provision in previous periods	1,292	459
Deferred taxation	752	3,099
	<b><u>12,170</u></b>	<b><u>10,130</u></b>

The taxation charge mainly represents EIT of the PRC for both periods.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits derived in Hong Kong for both periods.

The EIT rates applicable for the Group’s PRC subsidiaries ranged from 15% to 25% (2021: 15% to 25%).

Following the “Catalogue of Encouraged Industries in Western Region” which was promulgated by the National Development and Reform Commission of the PRC in 2014, certain subsidiaries which are operating in the western China were granted a concessionary tax rate of 15% by the local tax bureau.

### **Income tax credit for small-scaled minimal profit enterprise**

In accordance with the announcement no. 12 of 2021 regarding 《關於實施小微企業和個體工商戶所得稅優惠政策的公告》 (“Implementation of Preferential Income Tax Policies for Small Profit-making Enterprises and Individual Industrial and Commercial Household\*”) issued by the Ministry of Finance and the State Taxation Administration for the period from 1 January 2021 to 31 December 2022, in respect of the portion of taxable income for the year of less than RMB1 million derived by the Group’s small profit-making enterprises, the enterprise income tax shall be levied at a further reduced rate of 50% on the basis of preferential policies stipulated in Article Two of the Cai Shui 2019 No. 13 Document.

## **9. DIVIDEND**

No dividend was paid or proposed during the six months ended 30 June 2022 (2021: nil), nor has any dividend has been proposed since the end of the reporting period.

## **10. EARNINGS PER SHARE**

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB’000</b>	<b>RMB’000</b>
<b>Earnings</b>		
Profit for the period attributable to the owners of the Company and for the purpose of basic earnings per share	<b>4,070</b>	105,701
	<b>2022</b>	<b>2021</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>8,934,561,203</b>	8,934,561,203

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both period.

\* For identification purpose only

## 11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At <b>30 June</b> <b>2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade receivables (net of allowance for credit loss)	<b>97,710</b>	52,925
Bill receivables	<b>3,846</b>	14,340
Other receivables, deposits and prepayments	<b>160,346</b>	137,379
	<b>261,902</b>	204,644

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case-by-case basis. The following is an aged analysis of trade and bill receivables presented on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	At <b>30 June</b> <b>2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade receivables (net of allowance for credit loss)		
0 to 90 days	<b>90,913</b>	49,891
91 to 180 days	<b>3,707</b>	987
Over 180 days	<b>3,090</b>	2,047
	<b>97,710</b>	52,925
Bill receivables		
0 to 90 days	<b>2,363</b>	10,807
91 to 180 days	<b>1,099</b>	2,741
Over 180 days	<b>384</b>	792
	<b>3,846</b>	14,340

	At <b>30 June</b> <b>2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Deposits paid for purchase of natural gas; cylinder gas; merchandise and construction materials	<b>101,532</b>	81,832
Rental and utilities deposits and prepayments	<b>4,803</b>	1,997
Other tax recoverable	<b>2,208</b>	4,934
Amounts due from non-controlling interest	<b>18,549</b>	23,372
Other receivables and deposits	<b>58,935</b>	51,007
	<u><b>186,027</b></u>	<u>163,142</u>
	<b>287,583</b>	230,407
Less: Allowance for credit losses	<u><b>(25,681)</b></u>	<u>(25,763)</u>
Total trade, bills and other receivables and prepayments	<u><b>261,902</b></u>	<u>204,644</u>

## 12. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs with the average credit period on purchases of goods is 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At <b>30 June</b> <b>2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
0 to 90 days	<b>73,311</b>	74,421
91 to 180 days	<b>2,364</b>	15,605
Over 180 days	<b>20,876</b>	7,796
	<u><b>96,551</b></u>	<u>97,822</u>
Trade payables	<b>96,551</b>	97,822
Piped gas customer deposits	<b>18,446</b>	20,862
Amounts due to non-controlling interests of subsidiaries	<b>5,651</b>	17,789
Accrued charges and other payables	<b>127,137</b>	108,882
	<u><b>247,785</b></u>	<u>245,355</u>
Total trade and other payables	<u><b>247,785</b></u>	<u>245,355</u>



### 13. BANK BORROWINGS

All secured and unsecured bank borrowings are floating rate borrowings of which interest rates are in the range of People's Bank of China base rate minus 0.19% to 0.65% (31 December 2021: plus 0% to 0.89%) per annum.

Apart from the borrowings of approximately RMB92,000,000 (31 December 2021: RMB48,250,000) which were secured by certain assets with carrying amount of approximately RMB161,133,000 (31 December 2021: RMB67,251,000), others were unsecured.

### 14. CAPITAL COMMITMENTS

Capital and other expenditure contracted for but not provided in the condensed consolidated/consolidated financial statements in respect of:

	<b>At 30 June 2022 RMB'000</b>	<b>At 31 December 2021 RMB'000</b>
Carrying amount of:		
Property, plant and equipment and right-of-use assets	<b><u>9,926</u></b>	<b><u>29,659</u></b>

### 15. CONTINGENT LIABILITIES

As at 30 June 2022, the Group has no significant contingent liability.

### 16. EVENT AFTER THE END OF THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting date.

## **BUSINESS REVIEW**

In the first half of 2022, affected by various factors including the international situation, pandemic outbreaks and cost, the domestic natural gas market showed a situation of “sluggish supply and demand”, and the apparent consumption and total supply of natural gas presented a negative growth trend. In the first half of 2022, the total apparent consumption of domestic natural gas was approximately 182.438 billion m<sup>3</sup>, representing a year-on-year decrease of approximately 1.93%, which was the first negative growth occurred in recent years. The total supply of natural gas was approximately 184.848 billion m<sup>3</sup>, representing a year-on-year decrease of approximately 1.98%. Among them, the domestic natural gas production was approximately 109.62 billion m<sup>3</sup>, representing a year-on-year increase of approximately 5.10%, and the total imported natural gas was approximately 75.228 billion m<sup>3</sup>, representing a year-on-year decrease of approximately 10.74%.

For the six months ended 30 June 2022, the revenue of the Group amounted to approximately RMB1,477 million (2021: RMB1,258 million), representing an increase of approximately 17.41% as compared with the corresponding period of last year, while profit of the Group for the Period was approximately RMB16.68 million (2021: RMB119.24 million), representing a decrease of approximately 86.01% as compared with the corresponding period of last year due to mainly the loss of share of results of joint ventures. Basic earnings per share of the Company was RMB0.05 cents (2021: RMB1.18 cents). The overall gross profit margin of the Group was approximately 10.42% (2021: 14.78%), representing a decrease of approximately 4.36 percentage point (“ppt”) as compared with the corresponding period of last year. The decrease in gross profit margin was mainly attributable to the increase in the cost of sales and services, which resulted in decrease in the gross profit margin as compared with the corresponding period of last year.

### **Piped Gas Transmission and Distribution Business**

Piped gas transmission and distribution business is one of our main businesses and our main source of income. For the six months ended 30 June 2022, revenue of approximately RMB484,421,000 was recorded from our piped gas transmission and distribution business, representing an increase of approximately RMB51,395,000 or 11.87% as compared with the corresponding period of last year, which accounted for approximately 32.79% (2021: 34.43%) of our total revenue. The gross profit margin of piped gas transmission and distribution business for the Period was approximately 16.12% (2021: 23.55%). The decreased in piped gas connection revenue affected the growth in piped gas sale revenue, and the increase in cost affected the respective gross profit of piped gas connection and piped gas sale downturn.

### ***Piped Gas Connection***

During the Period, revenue from piped gas connection was approximately RMB46,215,000, representing a decrease of approximately RMB16,345,000 or 26.13% as compared with the corresponding period of last year, which represented approximately 9.54% (2021: 14.45%) of the total revenue of the piped gas transmission and distribution business. During the Period, there was an addition of 12,746 units of connected residential household customers and 282 units of connected commercial and industrial (“C/I”) customers, respectively. As of 30 June 2022, the accumulated number of connected residential household customers was 519,666 units; and the accumulated number of connected C/I customers was 11,125 units, representing a growth of approximately 6.01% and 7.33%, respectively as compared with the corresponding period of last year.

### ***Piped Gas Sales***

During the Period, revenue from piped gas sales was approximately RMB438,206,000, representing an increase of approximately RMB67,740,000 or 18.29% as compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in the volume of piped gas sales during the Period. Revenue from piped gas sales accounted for approximately 90.46% (2021: 85.55%) of the total revenue from the piped gas transmission and distribution business. Our piped gas sales achieved approximately 202.21 million m<sup>3</sup> (2021: 172.37 million m<sup>3</sup>), representing an increase of approximately 17.31% as compared to the corresponding period of last year. Among the total sales, approximately 66.32 million m<sup>3</sup> (2021: 66.41 million m<sup>3</sup>) were sold to residential household customers, which represented a decrease of approximately 0.14% as compared with the corresponding period of last year; approximately 135.89 million m<sup>3</sup> (2021: 105.96 million m<sup>3</sup>) were sold to C/I customers, which represented an increase of approximately 28.25% as compared with the corresponding period of last year.

### ***Cylinder Gas Supply Business***

Cylinder gas business is another major businesses of the Group. Currently, the Group’s cylinder gas business is mainly the sales of liquefied natural gas (LNG), liquefied petroleum gas (LPG), and liquefied dimethyl ether (DME) with cylinder. During the Period, while maintaining existing customers, we actively develop new customers for expanding the sales markets.

During the Period, sales of cylinder gas was approximately 51,527 tons (2021: 79,508 tons) in total, representing a decrease of approximately 35.19% over the corresponding period of last year. A total sales revenue reached approximately RMB414,878,000 (2021: RMB440,210,000), representing a decrease of approximately RMB25,332,000 or 5.75% over the corresponding period of last year. The gross profit margin of cylinder gas supply business during the Period was approximately 16.76% (2021: 17.67%). The decrease in sales volume of cylinder gas was mainly due to the lower demand from downstream C/I customers in our service cities as a result of the COVID-19 epidemic and the increase in sales prices. The selling price was fixed for the long-term development of the business with the consideration of certain circumstances such as the demand and the supply in various markets, change in cost of sales and the market competition. During the Period, revenue from cylinder gas supply business accounted for approximately 28.09% (2021: 35.00%) of the total revenue of the Group.

### **Gas Distribution Business**

Gas distribution business represents a business carried out by the Group in recent years, which has recently formed a certain business scale. The gas distribution business mainly purchases a large amount of gas resources from upstream suppliers and then distributes to other gas operating companies. Although investment in this business is not large, it can form a dominant position in the market at a lower cost, which is helpful for the development of downstream terminal business of the Group.

During the Period, revenue from gas distribution business was approximately RMB527,953,000, representing an increase of approximately RMB195,886,000 or 58.99% as compared with the corresponding period of last year. The sales of gas was approximately 87,211 tons (2021: 97,615 tons), representing a decrease of approximately 10.66% as compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in sale price, however, fierce market competition reduced both sales volume and gross profit margin. During the Period, revenue from gas distribution business accounted for approximately 35.74% (2021: 26.40%) of the Group's total revenue. The gross profit margin of gas distribution business during the Period was approximately 0.69% (2021: 0.89%).

## Food Ingredients Supply and Fast-moving Consumer Good (“FMCG”) Business

The food ingredients supply and FMCG business is a new business vigorously developed by the Group in recent years. The food ingredients supply is mainly a one-stop service providing to commercial consumers through the combination of online and offline operations, supplying fruits and vegetables, fresh produce, seasoning, dry foods and oil and other ingredients. The supply of FMCG is mainly comprised of supermarket and the chain of community convenience stores. The consumer group targeted by the community supermarket is mainly the residents community population. It provides convenient goods and services for the fixed community residents through the combination of online and offline operations; the convenience stores chain is aimed at the consumer group which is a mobile population, and provides goods and services that are convenient for the mobile population by selling FMCG.

During the Period, the food ingredients supply and FMCG business realised revenue of approximately RMB49,954,000 (2021: RMB52,298,000), accounting for approximately 3.38% (2021: 4.17%) of the Group’s total revenue. The business is under development stably under the influence of COVID-19 epidemic.

### New Project During the Period

In March 2022, an indirectly wholly-owned subsidiary of the Company namely 雲南中民燃氣有限公司 (Yunnan Zhongmin Gas Co., Ltd.\*, (“Yunnan Zhongmin”)) entered into an equity transfer agreement with a third party, pursuant to which Yunnan Zhongmin conditional agreed to acquire 70% equity interest in 昆明升建恒通氣體產品有限公司 (Kunming Shengjian Hengtong Gas Products Co., Ltd.\*, (“Shengjian Hengtong”)) at a total consideration of RMB9,352,000 (the “Acquisition”). Shengjian Hengtong was established in PRC with limited liability and principally engaged in oxygen (compressed or liquefied), argon (compressed or liquefied), nitrogen (compressed or liquefied), carbon dioxide (compressed or liquefied), operation and sales of acetylene; rental and maintenance of gas storage equipment for seamless steel gas cylinders, welded gas cylinders, dewars and gas equipment and accessories; development of gas application technology. During the six months period ended 30 June 2022, the Group obtained control in Shengjian Hengtong in March 2022.

The amount of assets acquired and liabilities recognised at the date of the Acquisition were determined on a provisional basis as the Group is in the process of completing a valuation to assess the fair values of the identifiable assets acquired and liabilities assumed.

The net assets of provisional amount were approximately RMB13,360,000. Such provisional amount recognised on Acquisition may be adjusted upon the completion of the initial accounting for the business combination during the measurement period, which shall not exceed one year from the acquisition date.

\* For identification purpose only

## **Cooperate to Fight the Epidemic**

As China gradually entered the stage of normalised epidemic prevention in 2022, in response to the epidemic prevention and control policies of local governments, we actively took various epidemic prevention measures. For example, stores, gas stations and offices are fully disinfected and double checked by the supervisors to ensure effective epidemic prevention; every day we check and record employees' temperature and health conditions, only employees without any suspected symptoms of infection can enter the stores, gas stations and offices; we provide employees with appropriate epidemic prevention tools (such as masks, gloves, alcohol hand gel, etc.); employees are required to wear face masks and are always reminded to keep social distance from other employees and customers; we continuously educate employees on obeying the government epidemic prevention and control policies during the epidemic period, taking preventive measures consciously, avoid visiting any high-risk areas with epidemic; working at home, if required. The epidemic seems to be warming up, we continue to keep close eye on the epidemic development and cooperate with the local government and to take appropriate measures, working hard with employees to overcome the epidemic as soon as possible.

## **Impairment Losses under the Expected Credit Loss Model, Net of Reversal**

Impairment losses under the expected credit loss model, net of reversal, amounted to approximately RMB2,677,000, details are set out in note 4 under notes to the condensed consolidated financial statements.

## **Other Gains and Losses**

Other gains and losses for the Period amounted to gains approximately RMB1,271,000 (2021: loss RMB9,024,000), represented an increase of approximately RMB10,295,000 as compared to the corresponding period of last year. Such increase was mainly due to the reversal of impairment loss under the expected credit loss in respect of trade and other receivable during the Period.

## **Other Income**

Other income for the Period amounted to approximately RMB23,925,000 (2021: RMB18,488,000), represented an increase of approximately RMB5,437,000 as compared with the corresponding period of last year. Such increase was mainly due to increase of interest income and sales of gas appliance and materials.

## **Finance Costs**

Finance costs for the Period amounted to approximately RMB2,038,000 (2021: RMB2,932,000), represented a decrease of approximately RMB894,000 as compared to the corresponding period of last year. Such decrease was mainly due to the decrease of interest on borrowings.

## **Selling and Distribution Expenses**

Selling and distribution expenses for the Period amounted to approximately RMB68,427,000 (2021: RMB73,308,000), representing a decrease of approximately RMB4,881,000 as compared with the corresponding period of last year, which was mainly due to adoption of cost control.

## **Administrative Expenses**

Administrative expenses for the Period amounted to approximately RMB67,400,000 (2021: RMB62,627,000), representing an increase of approximately RMB4,773,000 as compared with the corresponding period of last year due to mainly increase in salaries.

## **Share of Results of Associates**

Share of results of the associates for the Period amounted to approximately RMB8,257,000 (2021: RMB9,111,000), representing a decrease of approximately RMB854,000 as compared to the corresponding period of last year. Such decrease was mainly attributable to the decrease in profit generated by the Company's associates.

## **Share of Results of Joint Ventures**

Share of results of joint ventures for the Period amounted to loss approximately RMB20,589,000 (2021: gain RMB63,820,000), representing a decrease of approximately RMB84,409,000 as compared to the corresponding period of last year. Such decrease was mainly attributable to the loss generated by the Company's joint ventures. The turnaround of the joint venture's performance from profit to loss was mainly due to the increase in the purchase price of gas and the impact of the real estate downturn on the gross profit of connection. The gross profit of the overall business was low, which was insufficient to cover operating expenses for the Period.

## **Income Tax Expenses**

Income tax expenses for the Period amounted to approximately RMB12,170,000 (2021: RMB10,130,000), representing an increase of approximately RMB2,040,000 as compared to the corresponding period of last year. Such increase was mainly attributable to increase in current tax.

## **Liquidity and Capital Resources**

As at 30 June 2022, the condensed consolidated financial position of the Group is as follows:

Currently, the sources of the operating and capital expenditure of the Group are operating cash flow, internal current capital and bank borrowings. The Group has sufficient funds to meet future capital expenditures and operational needs.

## **Borrowing Structure**

As at 30 June 2022, the total borrowings of the Group were approximately RMB130,000,000 (31 December 2021: RMB100,250,000), which comprised domestic bank borrowings denominated in RMB of the project companies in China. Borrowings, calculated at floating rate borrowings of which interest rates are in the range of People's Bank of China base rate minus 0.19% to 0.65% (31 December 2021: plus 0% to 0.89%) per annum, are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB92,000,000 (31 December 2021: RMB48,250,000) which were secured by certain assets with carrying amount of approximately RMB161,133,000 (31 December 2021: RMB67,251,000), others were unsecured. Short-term borrowings amounted to approximately RMB130,000,000 (31 December 2021: RMB77,000,000, while others were long-term borrowings due after one year). Details of the capital commitments and pledge of assets are set out in notes 13 and 14 respectively.

## **Capital Structure**

The long-term capital of the Group comprised equity attributable to owners and borrowings, which was confirmed by the sound debt-to-capitalisation ratio.

## **Foreign Exchange Risk**

As all of our operations are in China and substantially all of its revenue and expenses are denominated in RMB, there was no significant foreign exchange risk in its operation. We currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, and adopt appropriate measures when necessary.

## **Capital and Other Commitments**

As at 30 June 2022, the capital commitments of the Group amounted to approximately RMB9,926,000 (31 December 2021: RMB29,659,000), mainly attributable to running district gas pipelines construction. Details are set out in note 14 to the condensed consolidated financial statements.

## **Contingent Liabilities**

As at 30 June 2022, the Group has no significant contingent liability.

## **Event After the End of the Reporting Period**

There was no significant event took place subsequent to the end of the reporting date.



## **Employees**

As at 30 June 2022, we had approximately 4,900 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities, business performance of the Group and profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and/or share options as rewards for their performance.

## **PROSPECTS AND OUTLOOK**

As the trade war between the US and China continues, the negative economic impact of the coronavirus pandemic, which has been going on for two and a half years, is still ongoing. The Russian-Ukrainian war at the beginning of this year has exposed new uncertainties to the world's economic development, and has led to major impacts on gas supply. Affected by various significant negative factors, we are cautious about the future economic development and the business development of the Group.

Natural gas and LPG will remain the major commodities of the Group's gas business in the future. Natural gas and liquefied petroleum gas, as clean and low-carbon fossil energy, will still contribute to the peak carbon dioxide emissions and carbon neutrality in the future, and the government will proactively promote the gas industry to achieve high quality development.

### **Piped Gas Business**

Under the background of "carbon peaking and carbon neutrality goals", vigorously promoting the application of natural gas is in line with the national policy requirements of energy conservation and emission reduction, environmental protection and sustainable development. In recent years, our nation has issued a series of policies to promote the healthy development of the natural gas industry, continuously promote the reform of the domestic oil and gas pipeline system, improve the efficiency of resource allocation, improve the market-oriented pricing system of the natural gas industry, and further promote the progress of the natural gas industry. The National Development and Reform Commission and the National Energy Administration issued and implemented the "14th Five-Year Plan for Modern Energy Systems" in January 2022, which still takes green and low-carbon as the fundamental principle for energy development, takes enhancing oil and gas supply capacity as an important safeguard measure, and strives to reach 230 billion cubic meters or more by 2025. Therefore, we remain confident in the long-term development of piped gas, and will proactively develop customers and ensure the safe operation of gas for people's livelihood.

## **Cylinder Gas Business**

Due to its flexible supply mode and wide application scenarios, cylinder gas will still occupy an important position in the national energy structure and become an effective supplementary mode of piped gas supply. The cylinder gas has more advantages in the place where the piped gas connection cost is high and the pipeline network can not reach. It will be a beneficial supplement to the piped gas supply in the foreseeable future. Despite the recent unfavorable factors such as trade war and the coronavirus pandemic, the Group's sales of gas and the development of new customers have been hindered to a certain extent. However, the management of the Group is still confident of the long-term healthy development of China's economy. The Group will continue to ensure the safe and efficient operation of the gas business of the Group, proactively develop industrial gas utilization, taking active steps to expand market share and follow the government policy guidelines to achieve the sustainable development of cylinder gas business in a healthy, orderly and safe manner.

## **Gas Distribution Business**

The impact of the epidemic and the international situation on the gas distribution business also led to a decrease in the sales volume in the current period, but the long-term sustainable development direction of the gas distribution industry will not change. The Group will pay close attention to changes in market prices and supply and demand to control risks and flexibly adjust its operation to maintain a basically stable business.

The Group will continue to ensure the safe and efficient operation of the Group's gas business, and guarantee the gas supply for people's livelihood. It will also actively develop industrial gas, expand its market share and follow government policy guidelines to achieve the sustainable development of the Group's gas business featuring healthy, orderly and safe.

## **Food Ingredients Supply and FMCG Supply Business**

The food ingredients supply business and the FMCG business are new business operations of the Group in recent years, which also are closely related to the lives of urban residents. As the national economy rapidly grows and the urbanisation process gradually accelerates, per capita disposable income and consumer spending grows steadily. With the increase of residents' disposable income, household consumption expenditure improves accordingly. In terms of food ingredients supply business, the Group will continue to increase its investment, track user behavior, accurately predict market demand, and control product quality by utilising advanced technologies such as big data, artificial intelligence, Internet of Things, and shorten the supply chain and reduce operating costs. In terms of the FMCG business, the Group strives to develop its own operation characteristics and competitive advantages. It will be committed to developing chain supermarkets especially with functional suppliers, so as to form a large-scale chain operation model equipped with varied business formats and a spectrum of product portfolios. The current COVID-19 epidemic has affected residents' consumption, and restrained market supply and the FMCG business. That being said, with the easing of the epidemic, the recovery of the economy, continuous improvement of people's living standards, and the acceleration of consumption upgrades, together with Chongqing being listed as one of the five international consumption center cities cultivated and constructed by the government, the food ingredients supply business and the FMCG business of the Group will continue to expand and become a new profit driver of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

## **CORPORATE GOVERNANCE**

The Company has committed to perform a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners of the Company and also the growth of its business. The Company's corporate governance practices are based on the principles and the code provisions ("**Code Provisions**") as set out in the "Corporate Governance Code" contained in Appendix 14 to the Listing Rules, as amended from time to time. As far as the Code Provisions is concerned, during the Period and up to the date of this announcement, the Company complies with all aspect of the Code Provisions.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")**

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules, as amended from time to time. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Period.

## **REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE**

The audit committee of the Company has reviewed with management the appropriateness and consistent application of significant accounting principles adopted by the Company, financial reporting system, risk management and internal control systems and discussed judgmental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the Period.

## **PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The results announcement is required to be published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Company Information” and the Company at [www.681hk.com](http://www.681hk.com) respectively. The interim report of the Company for the Period will be dispatched to the shareholders of the Company as soon as possible and will be published on the websites of the Stock Exchange and the Company accordingly.

By Order of the Board  
**Chinese People Holdings Company Limited**  
**Mr. Fan Fangyi**  
*Managing Director and Executive Director*

Beijing, 31 August 2022

*As at the date of this announcement, the Board comprises five Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Fan Fangyi (Managing Director), Miss Mo Yunbi and Ms. Li Fun Replen and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Cheung Chi Ming.*