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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 2023**

FINANCIAL HIGHLIGHTS

Revenue for the Period decreased approximately by 12.93% to approximately RMB1,286 million (2022: RMB1,477 million) which was attributable to mainly decrease in revenue of gas distribution business.

Profit for the Period amounted to approximately RMB79.64 million (2022: RMB16.68 million), an increase of approximately HK\$62.96 million as compared to the corresponding period in 2022 mainly due to the share of profit with joint ventures.

Basic earnings per share for the Period was RMB0.76 cents (2022: RMB0.05 cents).

The Board does not recommend the payment of an interim dividend for the Period (2022: 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 2023 (the “**Period**” or the “**Reporting Period**”), together with the unaudited comparative figures for the six months ended 30 June 2022. 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 2023

		(Unaudited)	
		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	1,285,778	1,477,206
Cost of sales and services		<u>(1,122,001)</u>	<u>(1,323,351)</u>
Gross profit		163,777	153,855
Other gains and losses	4	1,625	1,271
Other income	5	22,526	23,925
Finance costs	6	(2,387)	(2,038)
Selling and distribution expenses		(71,994)	(68,427)
Administrative expenses		(62,082)	(67,400)
Share of results of associates		14,491	8,257
Share of results of joint ventures		<u>23,889</u>	<u>(20,589)</u>
Profit before tax	7	89,845	28,854
Income tax expense	8	<u>(10,210)</u>	<u>(12,170)</u>
Profit for the period		<u>79,635</u>	<u>16,684</u>
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		<u>(3,848)</u>	<u>(5,026)</u>
Total comprehensive income for the period		<u>75,787</u>	<u>11,658</u>

		(Unaudited)	
		Six months ended 30 June	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Profit for the period attributable to:			
Owners of the Company		67,475	4,070
Non-controlling interests		12,160	12,614
		<u>79,635</u>	<u>16,684</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		63,368	(623)
Non-controlling interests		12,419	12,281
		<u>75,787</u>	<u>11,658</u>
Earnings per share			
	<i>10</i>	RMB	RMB
– basic		<u>0.76 cents</u>	<u>0.05 cents</u>
– diluted		<u>n/a</u>	<u>n/a</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		971,371	946,078
Investment properties		4,540	4,540
Right-of-use assets		94,225	93,632
Intangible assets		18,969	19,584
Interests in associates		167,194	152,703
Interests in joint ventures		1,370,996	1,347,107
Deferred tax assets		7,668	5,264
Equity instruments at FVTOCI		123,207	127,544
Long-term deposits		12,348	22,352
		<u>2,770,518</u>	<u>2,718,804</u>
Current assets			
Inventories		61,592	48,925
Trade, bills and other receivables and prepayments	11	265,178	253,155
Contract assets		30,978	27,307
Bank balances and cash		546,420	555,115
		<u>904,168</u>	<u>884,502</u>
Current liabilities			
Trade and other payables	12	250,344	266,288
Contract liabilities		236,558	219,632
Tax liabilities		10,290	12,953
Lease liabilities		3,190	3,488
Bank borrowings – due within one year	13	81,000	85,020
		<u>581,382</u>	<u>587,381</u>
Net current assets		<u>322,786</u>	<u>297,121</u>
Total assets less current liabilities		<u><u>3,093,304</u></u>	<u><u>3,015,925</u></u>

		At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
	<i>Note</i>		
Capital and reserves			
Share capital		564,507	564,507
Reserves		<u>2,248,040</u>	<u>2,184,672</u>
Equity attributable to owners of the Company		2,812,547	2,749,179
Non-controlling interests		<u>237,878</u>	<u>233,519</u>
Total equity		<u>3,050,425</u>	<u>2,982,698</u>
Non-current liabilities			
Lease liabilities		21,648	11,808
Bank borrowings – due after one year	13	350	500
Deferred tax liabilities		<u>20,881</u>	<u>20,919</u>
		<u>42,879</u>	<u>33,227</u>
		<u>3,093,304</u>	<u>3,015,925</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.

In the opinion of the Directors, the immediate holding company of the Company is Lofty Key Limited, incorporated in the British Virgin Islands with limited liability, the ultimate holding company of the Company is Renown City Holdings Limited, incorporated in the British Virgin Islands with limited liability, and the controlling party of the Company is Dr. Mo Shikang, who is also the executive Director of the Company.

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 food ingredients supply and fast-moving consumer goods (“**FMCG**”) including the operation of stores including supermarket and convenience stores in the People’s Republic of China (the “**PRC**” or “**China**”).

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 2022.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2022 consolidated financial statements for the year ended 31 December 2022.

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 2023 for the preparation of the unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendment to HKAS 12	Deferred Tax relating to Assets and Liabilities arising from a Single Transaction

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 (2022: 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 2023

	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>552,977</u>	<u>331,427</u>	<u>350,240</u>	<u>51,134</u>	<u>1,285,778</u>
Segment profit (loss)	<u>37,757</u>	<u>21,274</u>	<u>1,903</u>	<u>(2,581)</u>	58,353
Unallocated income					3,456
Central administration costs					(7,957)
Share of results of associates					14,491
Share of results of joint ventures					23,889
Finance costs					<u>(2,387)</u>
Profit before tax					<u>89,845</u>
Other segment information					
Amounts included in the measure of segment results:					
Depreciation and amortisation	16,361	6,577	497	2,788	26,223
Unallocated depreciation and amortisation					<u>163</u>
Total					<u>26,386</u>
(Gain) loss on disposal of property, plant and equipment	(20)	198	-	-	<u>178</u>
Amounts regularly provided to the CODM but not included in the measure of segment results:					
Interests in associates					167,194
Interests in joint ventures					1,370,996
Share of results of associates					14,491
Share of results of joint ventures					<u>23,889</u>

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>
Other segment information					
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>
Amounts regularly provided to the CODM but not included in the measure of segment results:					
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>

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 RMB1,217,267,000 (2022: RMB1,430,991,000) and (ii) gas connection of approximately RMB68,511,000 (2022: RMB46,215,000) for the Period.

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Loss on disposal of property, plant and equipment	(178)	(790)
Net foreign exchange gain	1,792	789
Loss on derecognised of financial assets of FVTPL	–	(1,405)
Impairment loss under the expected credit loss model, net of reversal		
– trade receivables from contracts with customers	1,136	2,595
– other receivable	(1,125)	82
	<u>1,625</u>	<u>1,271</u>

5. OTHER INCOME

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	2,025	2,992
Government grant	138	1,391
Rental income, net	4,597	4,155
Repair and maintenance services income	785	1,139
Sales of gas appliance and materials, net	8,942	7,630
Others	6,039	6,618
	<u>22,526</u>	<u>23,925</u>

6. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	1,878	1,584
Interest on lease liabilities	509	454
	<u>2,387</u>	<u>2,038</u>

7. PROFIT BEFORE TAX

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs including Directors' emoluments:		
Directors' emoluments	2,575	2,287
Salaries, allowance and benefits in kind	67,785	72,237
Retirement benefits scheme contribution	9,498	9,530
	79,858	84,054
Cost of inventories recognised as expenses	1,085,139	1,300,620
Depreciation of property, plant and equipment	22,201	22,025
Depreciation of right-to-use assets	3,570	3,860
Amortisation of intangible assets (included in administrative expense)	615	615
Contract cost recognised as expense in respect of gas connection construction contracts	36,862	17,795
	<u>36,862</u>	<u>17,795</u>

8. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
PRC Enterprise Income Tax (“EIT”):		
– current tax	12,152	10,126
– under provision in previous periods	(179)	1,292
Deferred taxation	<u>(1,763)</u>	<u>752</u>
	<u>10,210</u>	<u>12,170</u>

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

No provision for Hong Kong Profits Tax has been made in the unaudited 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% (2022: 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 2023 regarding 《關於進一步支持小微企業和個體工商戶發展有關稅務政策的公告》 (“Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households*”) issued by the Ministry of Finance and the State Taxation Administration for the period from 1 January 2023 to 31 December 2027, in respect of the portion of taxable income for the year of less than RMB3 million derived by the Group’s small profit-making enterprises, the taxable income shall be calculated at a reduced rate of 25% and the enterprise income tax shall be paid at a rate of 20%.

* For identification purpose only

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2023 (2022: 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:

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to the owners of the Company and for the purpose of basic earnings per share	67,475	4,070
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,934,561,203	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.

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At	At
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Trade receivables (net of allowance for credit loss)	68,743	59,572
Bill receivables	7,017	6,965
Other receivables, deposits and prepayments	189,418	186,618
	265,178	253,155

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 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables (net of allowance for credit loss)		
0 to 90 days	58,717	48,099
91 to 180 days	6,783	5,750
Over 180 days	3,243	5,723
	68,743	59,572
Bill receivables		
0 to 90 days	7,017	2,766
91 to 180 days	–	2,199
Over 180 days	–	2,000
	7,017	6,965
Deposits paid for purchase of natural gas; cylinder gas; merchandise and construction materials	90,960	101,946
Rental and utilities deposits and prepayments	8,338	4,058
Other tax recoverable	4,129	13,720
Amounts due from non-controlling interest	19,217	25,385
Other receivables and deposits	91,733	65,343
	214,377	210,452
Less: Allowance for credit losses	(24,959)	(23,834)
	189,418	186,618
Total trade, bills and other receivables and prepayments	265,178	253,155

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 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
0 to 90 days	73,532	89,621
91 to 180 days	5,174	4,547
Over 180 days	<u>16,917</u>	<u>15,238</u>
Trade payables	95,623	109,406
Bills payable	–	4,000
Piped gas customer deposits	19,026	15,348
Amounts due to non-controlling interests of subsidiaries	2,518	1,676
Accrued charges and other payables	<u>133,177</u>	<u>135,858</u>
Total trade and other payables	<u>250,344</u>	<u>266,288</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 plus 0.00% to 7.40% (31 December 2022: plus 0.00% to 8.45%) per annum.

Apart from the borrowings of approximately RMB62,000,000 (31 December 2022: RMB67,000,000) which were secured by certain assets with carrying amount of approximately RMB150,115,000 (31 December 2022: RMB67,098,000), 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:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Carrying amount of:		
Property, plant and equipment and right-of-use assets	<u>28,817</u>	<u>32,164</u>

15. CONTINGENT LIABILITIES

As at 30 June 2023, 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 2023, affected by factors including warmer temperatures in the heating season and global economic slowdown, the supply and demand tension has been significantly eased in the international natural gas market. As the marginal effect of geopolitics such as the Ukrainian crisis on the international energy market has weakened, the natural gas market in China has been generally under stable development.

In the first half of 2023, the consumption of domestic natural gas was approximately 194.1 billion m³, representing a year-on-year increase of approximately 5.6%; the natural gas production was approximately 115.5 billion m³, representing a year-on-year increase of approximately 5.4%; the imported natural gas was approximately 79.4 billion m³, representing a year-on-year increase of approximately 5.8%, of which the piped gas was approximately 33.2 billion m³, and LNG was approximately 46.2 billion m³.

As of the Period, the revenue of the Group amounted to approximately RMB1,286 million (2022: RMB1,477 million), representing a decrease of approximately 12.93% as compared with the corresponding period of last year, while profit of the Group for the Period was approximately RMB79.64 million (2022: RMB16.68 million), representing an increase of approximately 377.46% as compared with the corresponding period of last year, which was mainly due to the profit of share of results of joint ventures. Basic earnings per share of the Company was RMB0.76 cents (2022: RMB0.05 cents). The overall gross profit margin of the Group was approximately 12.74% (2022: 10.42%), representing an increase of approximately 2.32 percentage point as compared with the corresponding period of last year. The increase in gross profit margin was mainly attributable to the decrease in cost of sales and services.

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 Period, revenue of approximately RMB552,977,000 was recorded from our piped gas transmission and distribution business, representing an increase of approximately RMB68,556,000 or 14.15% as compared with the corresponding period of last year, which accounted for approximately 43.01% (2022: 32.79%) of our total revenue. The gross profit margin of piped gas transmission and distribution business for the Period was approximately 12.12% (2022: 16.12%). The decrease in gross profit margin of piped gas transmission and distribution business was mainly due to increase in cost affected.

Piped Gas Connection

During the Period, revenue from piped gas connection was approximately RMB68,511,000, representing an increase of approximately RMB22,296,000 or 48.24% as compared with the corresponding period of last year, which represented approximately 12.39% (2022: 9.54%) of the total revenue of the piped gas transmission and distribution business. During the Period, there was an addition of 14,440 units of connected residential household customers and 350 units of connected commercial and industrial (“C/I”) customers, respectively. As of 30 June 2023, the accumulated number of connected residential household customers was 552,795 units; and the accumulated number of connected C/I customers was 11,879 units, representing an increase of approximately 6.38% and 6.78%, respectively as compared with the corresponding period of last year.

Piped Gas Sales

During the Period, revenue from piped gas sales was approximately RMB484,466,000, representing an increase of approximately RMB46,260,000 or 10.56% as compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in demand during the Period. Revenue from piped gas sales accounted for approximately 87.61% (2022: 90.46%) of the total revenue from the piped gas transmission and distribution business. Our piped gas sales achieved approximately 222.43 million m³ (2022: 202.21 million m³), representing an increase of approximately 10.00% as compared to the corresponding period of last year. Among the total sales, approximately 68.01 million m³ (2022: 66.32 million m³) were sold to residential household customers, which represented an increase of approximately 2.55% as compared with the corresponding period of last year; approximately 154.42 million m³ (2022: 135.89 million m³) were sold to C/I customers, which represented an increase of approximately 13.64% 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 46,508 tons (2022: 51,527 tons) in total, representing a decrease of approximately 9.74% over the corresponding period of last year. A total sales revenue reached approximately RMB331,427,000 (2022: RMB414,878,000), representing a decrease of approximately RMB83,451,000 or 20.11% over the corresponding period of last year. The gross profit margin of cylinder gas supply business during the Period was approximately 26.22% (2022: 16.76%). The decrease in sales volume of cylinder gas was mainly due to decrease in demand. During the Period, revenue from cylinder gas supply business accounted for approximately 25.78% (2022: 28.09%) 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 RMB350,240,000, representing a decrease of approximately RMB177,713,000 or 33.66% as compared with the corresponding period of last year. The sales of gas was approximately 79,660 tons (2022: 87,211 tons), representing a decrease of approximately 8.66% as compared with the corresponding period of last year. The decrease in revenue was mainly due to decrease in demand. During the Period, revenue from gas distribution business accounted for approximately 27.24% (2022: 35.74%) of the Group's total revenue. The gross profit margin of gas distribution business during the Period was approximately 1.02% (2022: 0.69%).

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 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 community convenience stores. The consumer group targeted by the community supermarket is mainly the resident community population. It provides convenient goods and services for the fixed community residents through the combination of online and offline operations; while the type of consumption demand targeted by convenience stores is the temporary sales needs of community residents, which is feature by providing convenient goods and services for the immediate consumption by community residents through the sale of FMCG.

During the Period, the food ingredients supply and FMCG business realised revenue of approximately RMB51,134,000 (2022: RMB49,954,000), accounting for approximately 3.97% (2022: 3.38%) of the Group's total revenue. The business is under stable in development.

New Project During the Period

There was no new project for the Period.

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

Impairment losses under the expected credit loss model, net of reversal, amounted to gains of approximately RMB11,000 (2022: gains of 2,677,000). Such decrease was mainly due to the impairment loss of other receivable increased.

Other Gains and Losses

Other gains and losses for the Period amounted to gains of approximately RMB1,625,000 (2022: gains of RMB1,271,000), representing an increase of approximately RMB354,000 as compared to the corresponding period of last year. Such increase was mainly due to increase in net foreign exchange gain during the Period.

Other Income

Other income for the Period amounted to approximately RMB22,526,000 (2022: RMB23,925,000), representing a decrease of approximately RMB1,399,000 as compared with the corresponding period of last year. Such decrease was mainly due to the decrease of government grant.

Finance Costs

Finance costs for the Period amounted to approximately RMB2,387,000 (2022: RMB2,038,000), representing an increase of approximately RMB349,000 as compared to the corresponding period of last year. Such increase was mainly due to the increase of interest on borrowings.

Selling and Distribution Expenses

Selling and distribution expenses for the Period amounted to approximately RMB71,994,000 (2022: RMB68,427,000), representing an increase of approximately RMB3,567,000 as compared with the corresponding period of last year, which was mainly due to the increase in costs.

Administrative Expenses

Administrative expenses for the Period amounted to approximately RMB62,082,000 (2022: RMB67,400,000), representing a decrease of approximately RMB5,318,000 as compared with the corresponding period of last year mainly due to decrease in staffs cost.

Share of Results of Associates

Share of results of the associates for the Period amounted to approximately RMB14,491,000 (2022: RMB8,257,000), representing an increase of approximately RMB6,234,000 as compared to the corresponding period of last year. Such increase was mainly attributable to the increase in profit generated by the Company's associates.

Share of Results of Joint Ventures

Share of profit of joint ventures for the Period amounted to approximately RMB23,889,000 (2022: loss of RMB20,589,000), representing an increase of approximately RMB44,478,000 as compared to the corresponding period of last year. Such increase was mainly attributable to the profit generated by the Company's joint ventures for the Period. The turnaround of the joint ventures' performance from loss to profit was mainly due to the increase in profit generated by the Company's joint ventures.

Income Tax Expenses

Income tax expenses for the Period amounted to approximately RMB10,210,000 (2022: RMB12,170,000), representing a decrease of approximately RMB1,960,000 as compared to the corresponding period of last year. Such decrease was mainly attributable to have a tax credit for deferred taxation.

Liquidity and Capital Resources

As at 30 June 2023, the condensed consolidated financial position of the Group was 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 2023, the total borrowings of the Group were approximately RMB81,350,000 (31 December 2022: RMB85,520,000), 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 plus 0.00% to 7.40% (31 December 2022: plus 0.00% to 8.45%) per annum, are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB62,000,000 (31 December 2022: RMB67,000,000) which were secured by certain assets with carrying amount of approximately RMB150,115,000 (31 December 2022: RMB67,098,000), others were unsecured. Short-term borrowings amounted to approximately RMB81,000,000 (31 December 2022: RMB85,020,000, while others were long-term borrowings due after one year).

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 2023, the capital commitments of the Group amounted to approximately RMB28,817,000 (31 December 2022: RMB32,164,000), mainly attributable to running district gas pipelines construction. Details are set out in note 14 to the interim results announcement for the Period.

Contingent Liabilities

As at 30 June 2023, 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 2023, 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

At the end of 2022, the COVID-19 epidemic came to an end. In 2023, the government has rolled out various measures to develop the economy. Although the economy is recovering slowly, thanks to the implementation of various policies, it is believed that the economic environment in China will gradually improve, and the demand for various gas resources will gradually recover and grow, such as the piped gas and the cylinder gas. Under the influence of various factors, we are positive towards the future economic development and the business development of the Group.

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

Piped Gas Transmission and Distribution Business

Energy development will remain focused on further promoting the energy revolution, intensifying efforts in the exploration and development of oil and gas resources and increasing reserves and production, accelerating the planning and construction of new energy systems, strengthening the construction of energy production, supply, storage and sales system, and ensuring energy security. As the cleanest and low-carbon fossil energy, natural gas is an indispensable and important part of the construction of China's new energy system, and will maintain steady growth for the time being and in the future for a long term; flexibility and efficiency features of natural gas can also support the coordinated development of various energy sources, and continue to play an active role in the carbon peak and even the carbon neutral stage. Therefore, we remain confident in the long-term development of piped gas, with efforts to proactively develop customers and ensure the safe operation of gas for people's livelihood.

Cylinder Gas Supply Business

Due to its flexible supply mode and extensive application scenarios, the cylinder gas maintains its important position in the national energy structure and becomes 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 cannot reach. It will be a beneficial supplement to the piped gas supply in the foreseeable future.

As the impact of unfavorable factors in the international situation weakens, the business development of gas sales and new customers of the Group has recovered. The management of the Group is confident of the long-term healthy development of China's economy. The Group will continue to ensure the safe and efficient operation of its gas business, proactively develop industrial gas, taking active steps to expand market share and follow 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 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 remain unchanged. 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 its 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 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. With the major and decisive victory in epidemic prevention and control and the ongoing impact of macroeconomic policies, consumption has gradually recovered. In terms of food ingredients supply business, the Group will make further efforts to accumulate experience, strengthen R&D and innovation capabilities, improve its ability to guarantee product quality, and conduct market research. It will also strive to acquire the ability to quickly respond to the market and enhance its service quality, as well as improve the comprehensive quality of employees to meet customer needs and reduce operating costs. In terms of the FMCG business, through the accumulation of advantages in core resources including brands and products, the Group can not only effectively guarantee product quality and the level of after-sales service, but also gain control of market sales channels and sales terminals, so as to achieve the goal of expanding sales and occupying the market.

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 under “Latest Listed Company Information” and the Company at 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, 30 August 2023

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.