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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

FINANCIAL HIGHLIGHT

Revenue of the Group amounted to approximately RMB2,286 million (2024: RMB2,635 million).

Loss for the Year amounted to approximately RMB143 million (2024: Profit RMB59 million).

Loss per share for the Year was RMB1.83 cents (2024: Earnings per share RMB0.17 cents).

We do not recommend the payment of a final dividend for the Year (2024: nil).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Chinese People Holdings Company Limited (the “**Company**”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) together with the comparative figures for the corresponding year of 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

| | <i>Notes</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|--------------|-------------------------------|-----------------|
| Revenue | 4 | 2,286,332 | 2,634,675 |
| Cost of sales | | (2,003,448) | (2,331,617) |
| Gross profit | | 282,884 | 303,058 |
| Impairment loss under the expected credit loss (“ECL”) model, net of reversal | 5 | (15,029) | (1,817) |
| Other gains and losses, net | 6 | (64,191) | (119,872) |
| Other income | 7 | 50,683 | 49,475 |
| Finance costs | 8 | (2,458) | (4,245) |
| Selling and distribution expenses | | (120,173) | (133,856) |
| Administrative expenses | | (108,430) | (120,261) |
| Share of results of associates | | 22,955 | 27,066 |
| Share of results of joint ventures | | (172,984) | 70,294 |
| (Loss) profit before tax | 10 | (126,743) | 69,842 |
| Income tax expense | 9 | (15,851) | (11,066) |
| (Loss) profit for the year | | (142,594) | 58,776 |
| Other comprehensive (expense) income for the year | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Fair value change on equity instruments at fair value through other comprehensive (expense) income (“FVTOCI”), net of tax | | (17,328) | 3,929 |
| Other comprehensive (expense) income for the year, net of tax | | (17,328) | 3,929 |
| Total comprehensive (expense) income for the year | | (159,922) | 62,705 |

| | <i>Note</i> | 2025 RMB'000 | 2024 RMB'000 |
|---|-------------|-------------------------------|------------------------|
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | (163,910) | 15,317 |
| Non-controlling interests | | 21,316 | 43,459 |
| | | <u>(142,594)</u> | <u>58,776</u> |
| Total comprehensive (expense) income attributable to: | | | |
| Owners of the Company | | (182,182) | 18,096 |
| Non-controlling interests | | 22,260 | 44,609 |
| | | <u>(159,922)</u> | <u>62,705</u> |
| (Loss) earnings per share | | RMB | RMB |
| – basic and diluted | <i>12</i> | <u>(1.83 cents)</u> | <u>0.17 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

| | <i>Notes</i> | 2025 RMB'000 | 2024 RMB'000 |
|--|--------------|-------------------------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | | 733,611 | 738,471 |
| Right-of-use assets | | 67,006 | 74,126 |
| Investment properties | | 88,750 | 105,312 |
| Intangible assets | | 11,438 | 12,429 |
| Interests in associates | | 119,736 | 112,962 |
| Interests in joint ventures | | 857,853 | 1,082,948 |
| Deferred tax assets | | 20,771 | 14,658 |
| Equity instruments at FVTOCI | | 89,560 | 109,933 |
| Long-term deposits and other receivables | | 22,292 | 20,438 |
| | | 2,011,017 | 2,271,277 |
| Current assets | | | |
| Inventories | | 36,995 | 43,729 |
| Trade, bills and other receivables and prepayments | <i>13</i> | 163,443 | 323,239 |
| Contract assets | | 20,137 | 25,496 |
| Financial assets at FVTPL | | – | 5,393 |
| Bank deposits | | 111,559 | 120,313 |
| Cash and cash equivalents | | 790,624 | 578,906 |
| | | 1,122,758 | 1,097,076 |
| Current liabilities | | | |
| Trade and other payables | <i>14</i> | 242,961 | 247,023 |
| Contract liabilities | | 246,802 | 250,981 |
| Tax liabilities | | 7,538 | 7,705 |
| Lease liabilities | | 3,530 | 4,207 |
| Bank borrowings – due within one year | | 24,860 | 83,550 |
| | | 525,691 | 593,466 |

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Net current assets | <u>597,067</u> | <u>503,610</u> |
| Total assets less current liabilities | <u><u>2,608,084</u></u> | <u><u>2,774,887</u></u> |
| Capital and reserves | | |
| Share capital | 564,507 | 564,507 |
| Reserves | <u>1,761,277</u> | <u>1,953,738</u> |
| Equity attributable to owners of the Company | <u>2,325,784</u> | <u>2,518,245</u> |
| Non-controlling interests | <u>229,551</u> | <u>227,384</u> |
| Total equity | <u><u>2,555,335</u></u> | <u><u>2,745,629</u></u> |
| Non-current liabilities | | |
| Bank borrowings – due after one year | 32,100 | 4,700 |
| Lease liabilities | 8,970 | 10,470 |
| Deferred tax liabilities | <u>11,679</u> | <u>14,088</u> |
| | <u><u>52,749</u></u> | <u><u>29,258</u></u> |
| | <u><u>2,608,084</u></u> | <u><u>2,774,887</u></u> |

1. GENERAL INFORMATION

Chinese People Holdings Company Limited (the “**Company**”) is an exempted company with limited liability incorporated in Bermuda 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**”).

In the opinion of the directors, the immediate holding company of the Company is Renown City Holdings Limited, incorporated in the British Virgin Islands with limited liability, the ultimate holding company of the Company is Civios Group Limited, incorporated in the British Virgin Islands with limited liability, and the ultimate controlling parties of the Company are Dr. Mo Shikang and his daughter Miss Mo Yunbi, both of whom are executive directors.

The Company acts as an investment holding company and its subsidiaries are principally engaged in (i) the piped gas transmission and distribution including the provision of piped gas, construction of gas pipelines and the operation of city gas pipeline network; (ii) the cylinder gas supply; (iii) the distribution of gas and (iv) the food ingredients supply and fast moving consumer goods (“**FMCG**”) business through subcontracting of supermarket operations and the leasing of related properties in the PRC.

The 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. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

a. Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are first effective for the current accounting period of the Group. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

b. New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRS Accounting Standards, but is not yet in a position to state whether these new and amendments to HKFRS Accounting Standards would have a significant impact on its results of operations and financial position:

| | Effective for accounting periods beginning on or after |
|--|---|
| • Amendments to HKFRS 9 and HKFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i> | 1 January 2026 |
| • Amendments to HKFRS 9 and HKFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| • Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture</i> | To be determined |
| • Amendments to HKAS 21, <i>Translation to a Hyperinflationary Presentation Currency</i> | 1 January 2027 |
| • Amendments to HKFRS Accounting Standards, <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> | 1 January 2026 |
| • HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |

3. SEGMENT INFORMATION

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 currently organises 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 business engaged by the Group. The principal activities of the operating and reportable segments are as follows:

- (1) Piped gas transmission and distribution – sales of piped gas to end-user households, industrial and commercial customers and construction of gas pipeline networks under gas connection contracts;
- (2) Cylinder gas supply – sales and distribution of gas using tank containers to end-user households, industrial and commercial customers;

- (3) Gas distribution – sales of natural gas to industrial and commercial customers; and
- (4) Food ingredients supply and FMCG – in 2024, the Group entered into rental agreements, namely strategic co-operation agreements, with independent third parties for them to operate the supermarkets and convenience store, whereby the Group leases the properties to the operators, thereby the Group ceased its direct wholesale and retail operations. Consequently, the operations of this segment primarily consist of the subcontracting of supermarket and convenience store operations by leasing the related properties.

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment for the two years:

For the year ended 31 December 2025

| | 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>1,071,411</u> | <u>536,173</u> | <u>677,504</u> | <u>1,244</u> | <u>2,286,332</u> |
| Segment profit (loss) | <u>65,397</u> | <u>(22,794)</u> | <u>2,071</u> | <u>(1,042)</u> | 43,632 |
| Unallocated income | | | | | 5,935 |
| Central administration costs | | | | | (13,035) |
| Share of results of associates | | | | | 22,955 |
| Share of results of joint ventures | | | | | (172,984) |
| Unallocated impairment loss of investment properties | | | | | (11,916) |
| Unallocated loss on disposal of property, plant and equipment and right-of-use assets | | | | | (23) |
| Finance cost | | | | | (2,458) |
| Gain on disposal of subsidiaries | | | | | <u>1,151</u> |
| Loss before tax | | | | | <u>(126,743)</u> |

For the year ended 31 December 2024

| | 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>1,092,576</u> | <u>677,633</u> | <u>793,395</u> | <u>71,071</u> | <u>2,634,675</u> |
| Segment (loss) profit | <u>(40,717)</u> | <u>2,247</u> | <u>2,628</u> | <u>2,964</u> | <u>(32,878)</u> |
| Unallocated income | | | | | 7,134 |
| Central administration costs | | | | | (11,214) |
| Share of results of associates | | | | | 27,066 |
| Share of results of joint ventures | | | | | 70,294 |
| Finance cost | | | | | (4,245) |
| Unallocated impairment loss of investment properties | | | | | (6,019) |
| Unallocated gain on disposal of property, plant and equipment and right-of-use assets | | | | | 12,037 |
| Gain on disposal of subsidiaries | | | | | <u>7,667</u> |
| Profit before tax | | | | | <u><u>69,842</u></u> |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The material accounting policies of the reportable and operating segments are the same as the Group's material accounting policies. Segment result represents the profit (loss) earned by (incurred by) each segment without allocation of share of results of associates, share of results of joint ventures, central administration costs, finance costs and certain other income, unallocated impairment loss of investment properties, unallocated loss/gain on disposal of property, plant and equipment and right-of-use assets, and gain on disposal of subsidiaries. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Geographical information

All of the Group's revenue was generated in the PRC (place of domicile of the Group entities that derived the revenue) and over 90% of the Group's non-current assets were also located in the PRC (place of domicile of the group entities that hold such assets). 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 both years.

4. REVENUE

Disaggregation of revenue from contracts with customers

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Types of goods or services | | |
| <u>Revenue from contracts with customers within the scope of HKFRS 15</u> | | |
| Sales of piped gas | 997,476 | 1,004,135 |
| Piped gas connection | 73,935 | 88,441 |
| Cylinder gas supply | 536,173 | 677,633 |
| Gas distribution | 677,504 | 793,395 |
| Food ingredients supply and FMCG | – | 71,071 |
| | <u>2,285,088</u> | <u>2,634,675</u> |
| <u>Revenue from other sources</u> | | |
| Food ingredients supply and FMCG | <u>1,244</u> | <u>–</u> |
| | <u>2,286,332</u> | <u>2,634,675</u> |
| Timing of revenue recognition for revenue recognised under HKFRS 15 | | |
| On point in time basis | 2,211,153 | 2,546,234 |
| On over time basis | 73,935 | 88,441 |
| | <u>2,285,088</u> | <u>2,634,675</u> |

5. IMPAIRMENT LOSS UNDER THE ECL MODEL, NET OF REVERSAL

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Impairment loss, net of reversal | | |
| Trade receivables from contracts with customers | (1,474) | (2,078) |
| Other receivables | <u>(13,555)</u> | <u>261</u> |
| | <u>(15,029)</u> | <u>(1,817)</u> |

6. OTHER GAINS AND LOSSES, NET

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| (Loss) gain on disposal of property, plant and equipment and right-of-use assets | (1,003) | 16,321 |
| Fair value gain on financial assets at FVTPL | – | 193 |
| Net foreign exchange (loss) gain | (2,677) | 1,690 |
| Gain on disposal of subsidiaries | 1,151 | 7,667 |
| Impairment loss recognised in respect of | | |
| – Property, plant and equipment | (46,435) | (130,684) |
| – Right-of-use assets | (2,565) | (4,343) |
| – Investment properties | (12,662) | (6,019) |
| – Intangible assets | – | (4,697) |
| | <u>(64,191)</u> | <u>(119,872)</u> |

7. OTHER INCOME

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Bank interest income | 5,935 | 7,134 |
| Rental income from investment properties | 5,184 | 5,294 |
| Repair and maintenance services income | 2,123 | 2,470 |
| Sales of gas appliances, net | 18,184 | 18,614 |
| Incentive subsidies (<i>note</i>) | 3,961 | 783 |
| Underfloor heating engineering and pipe renovation income | 8,355 | 9,520 |
| Consulting service income | 1,942 | 2,708 |
| Warehousing service income | 1,706 | 71 |
| Others | 3,293 | 2,881 |
| | <u>50,683</u> | <u>49,475</u> |

Note:

The amount mainly represents incentives from the government authorities in the PRC related to the Group's operations without any conditions.

8. FINANCE COSTS

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Interest on bank borrowings | 1,635 | 3,206 |
| Interest on lease liabilities | 823 | 1,039 |
| | <u>2,458</u> | <u>4,245</u> |

9. INCOME TAX EXPENSE

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| PRC Enterprise Income Tax (“EIT”): | | |
| – Current tax | 21,888 | 25,726 |
| – Over provision in prior years | (582) | (407) |
| – Withholding tax (<i>note</i>) | – | 1,250 |
| Deferred taxation | <u>(5,455)</u> | <u>(15,503)</u> |
| | <u>15,851</u> | <u>11,066</u> |

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

The EIT rates applicable for the Group’s PRC subsidiaries ranged from 15% to 25% (2024: 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 2020, certain subsidiaries which are operating in the Western China region are granted a concessionary tax rate of 15% by the local tax bureau. The validity period of this tax policy is from 1 January 2021 to 31 December 2030.

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費政策的公告》 (“Announcement on Tax and Fee Policies for Further Supporting the Development of 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 2023 to 31 December 2027, in respect of the portion of taxable income for the year derived by the Group’s small profitmaking enterprises, the annual taxable income shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%.

Note:

Withholding tax was calculated at 5% on the dividend income received from the subsidiary in the PRC for the year ended 31 December 2024.

* For identification purpose only

10. (LOSS) PROFIT BEFORE TAX

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Directors' emoluments | 6,284 | 6,124 |
| Other staff costs (excluding directors) | | |
| – Salaries, allowances and benefits in kind | 152,973 | 157,053 |
| – Retirement benefits scheme contributions | 22,903 | 23,264 |
| | <hr/> | <hr/> |
| Total staff costs | 182,160 | 186,441 |
| | | |
| Staff costs included in | | |
| – Cost of sales | 41,423 | 37,320 |
| – Administrative expenses | 70,191 | 75,562 |
| – Selling and distribution expenses | 70,546 | 73,559 |
| | <hr/> | <hr/> |
| Total staff costs | 182,160 | 186,441 |
| | | |
| Cost of inventories recognised as expenses | 1,952,924 | 2,278,411 |
| – Costs of gas purchased | 1,835,704 | 2,107,415 |
| – Costs of merchandise sold | – | 59,624 |
| – Production costs (including staff costs, depreciation and amortisation) | 117,220 | 111,372 |
| Auditor's remuneration | 1,000 | 1,000 |
| Depreciation/amortisation | | |
| – Property, plant and equipment | 52,373 | 52,378 |
| – Right-of-use assets | 5,442 | 5,316 |
| – Investment properties | 3,900 | 2,063 |
| – Intangible assets | 991 | 1,229 |
| Contract costs recognised as expense in respect of gas connection construction contracts (included in cost of sales) | 50,232 | 53,206 |
| Commission expense | 17,934 | 18,484 |
| Vehicle expense | 7,255 | 8,446 |
| Entertainment expense | 5,129 | 5,370 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. DIVIDEND

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting year.

12. (LOSS) EARNINGS PER SHARE

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

Basic (loss) earnings per share are calculated by dividing the (loss) profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the Year.

| | 2025 | 2024 |
|---|-----------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| (Loss) earnings | | |
| (Loss) profit for the year attributable to the owners of the Company and for the purpose of basic (loss) earnings per share | <u><u>(163,910)</u></u> | <u><u>15,317</u></u> |
| | 2025 | 2024 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share | <u><u>8,934,561,203</u></u> | <u><u>8,934,561,203</u></u> |

Basic and diluted (loss) earnings per share are the same for both years as there were no potential ordinary shares in issue.

13. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade receivables | 55,862 | 62,991 |
| Bills receivables | <u>1,767</u> | <u>4,129</u> |
| | 57,629 | 67,120 |
| Less: Allowance for credit losses | <u>(14,138)</u> | <u>(12,724)</u> |
| Total trade and bills receivables (net of ECL) | <u>43,491</u> | <u>54,396</u> |
| Deposits paid for purchases of natural gas; cylinder gas and construction materials | 66,137 | 105,546 |
| Rental and utilities deposits and prepayments | 8,403 | 6,872 |
| Other tax recoverable | 6,604 | 6,394 |
| Amounts due from non-controlling interests | 17,828 | 33,096 |
| Amount due from an associate | 635 | 480 |
| Dividend receivable from associates | 16,181 | 52,179 |
| Dividend receivable from a joint venture | – | 51,000 |
| Consideration receivable from disposal of interests in a subsidiary | 3,403 | – |
| Other receivables and deposits | <u>37,514</u> | <u>36,579</u> |
| Total other receivables and prepayments | 156,705 | 292,146 |
| Less: Allowance for credit losses | <u>(36,753)</u> | <u>(23,303)</u> |
| Total other receivables and prepayments (net of ECL) | <u>119,952</u> | <u>268,843</u> |
| | <u>163,443</u> | <u>323,239</u> |

Trade and bills receivables

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 bills receivables, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for sales of gas and the respective construction contracts completion dates, as appropriate:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-------------------|-------------------------------|------------------------|
| 0 to 90 days | 32,181 | 41,501 |
| 91 to 180 days | 4,528 | 3,596 |
| Over 180 days | 5,015 | 5,170 |
| | <hr/> | <hr/> |
| Trade receivables | 41,724 | 50,267 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 0 to 90 days | 1,046 | 2,948 |
| 91 to 180 days | 721 | 1,121 |
| Over 180 days | – | 60 |
| | <hr/> | <hr/> |
| Bills receivables | 1,767 | 4,129 |
| | <hr/> <hr/> | <hr/> <hr/> |

14. 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:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| 0 to 90 days | 61,566 | 77,113 |
| 91 to 180 days | 12,651 | 11,647 |
| Over 180 days | 25,036 | 23,509 |
| Trade payables | 99,253 | 112,269 |
| Bills payable | 2,263 | – |
| Amounts due to non-controlling interests of subsidiaries | – | 196 |
| Dividend payable to non-controlling interests of subsidiaries | 14,000 | 8,000 |
| Other tax payables | 32,625 | 36,854 |
| Wages and staff benefits | 20,583 | 20,220 |
| Retention payables and deposits received | 45,734 | 47,137 |
| Accrued charges and other payables | | |
| – Endorsement of bills | – | 279 |
| – Property, plant and equipment | 5,420 | 3,838 |
| – Reimbursement | 1,885 | 7,260 |
| – Others | 21,198 | 10,970 |
| Total trade and other payables | <u>242,961</u> | <u>247,023</u> |

15. CAPITAL AND OTHER COMMITMENTS

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

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Business combination | 15,040 | – |
| Purchases of: | | |
| Property, plant and equipment | 10,207 | 7,232 |
| Right-of-use assets | 6,947 | 15,787 |
| | <u>32,194</u> | <u>23,019</u> |

16. PLEDGE OF ASSETS

The Group pledged certain assets to banks to secure certain bank borrowings of the Group. Carrying amounts of the assets pledged were as follows:

| | 2025 | 2024 |
|-------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Property, plant and equipment | 130,003 | 139,123 |
| Right-of-use assets | 1,102 | 1,150 |
| Investment properties | 508 | 4,776 |
| | 131,613 | 145,049 |

Restrictions on assets

In addition, lease liabilities of approximately RMB12,500,000 (2024: RMB14,677,000) are recognised with related right-of-use assets of approximately RMB11,487,000 (2024: RMB15,103,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Certain natural gas charging rights were pledged as collateral. One such right is pledged until 17 March 2028, while another is pledged until the relevant bank borrowings are fully repaid (with no fixed maturity date). The aggregate assessed or negotiated value of the collateral between the Group and the banks is approximately RMB334,949,200.

17. CONTINGENT LIABILITIES

As at 31 December 2025, the Group has no significant contingent liability.

18. EVENT AFTER REPORTING PERIOD

The Group has no significant events after reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The revenue was decreased for the Year, the revenue of the Group was approximately RMB2,286 million (2024: RMB2,635 million) and the loss for the Year was approximately RMB143 million (2024: profit of RMB59 million) mainly due to share of loss of joint ventures of approximately RMB173 million for the Year. Basic loss per share was RMB1.83 cents (2024: basic earnings per share RMB0.17 cents). The overall gross profit margin of the Group for the Year was 12.37% (2024: 11.50%), representing an increase of 0.87 percentage points as compared with 2024.

Piped Gas Transmission and Distribution Business

The piped gas transmission and distribution business mainly relies on the gas pipeline which were built by the Group to transport flammable gas fuels to end-users. The Group's piped gas transmission and distribution business is categorised into piped gas connection and piped gas sales. Natural gas is the main gas supply of the Group's piped gas transmission and distribution business. As a clean energy, natural gas can help to improve the environmental pollution problem and simultaneously it has the advantages of safety, high unit heat value and low price. It has become an important development direction of international clean energy.

Piped gas transmission and distribution business is one of the Group's main businesses and main source of income. During the Year, revenue of approximately RMB1,071 million (2024: RMB1,093 million) was recorded from our provision of piped gas transmission and distribution business, which accounted for approximately 46.86% (2024: 41.47%) of our total revenue. The overall gross profit margin of piped gas transmission and distribution business for the Year was approximately 12.46% (2024: 11.99%). During the Year, the gross profit margin slightly increased due to the increase in selling prices of gas.

Piped Gas Connection

During the Year, revenue from piped gas connection was approximately RMB74 million (2024: RMB89 million). Revenue from piped gas connection represented approximately 6.90% (2024: 8.09%) of the total revenue of the piped gas transmission and distribution business. The gross profit margin of piped gas connection fee for the Year was approximately 32.06% (2024: 39.84%). During the Year, the Group's subsidiaries had an addition of 17,211 units of residential household customers and 639 units of commercial and industrial customers, respectively. At the end of the Year, the Group had an accumulated number of connected residential household customers and commercial and industrial customers of 605,272 units and 13,775 units respectively, representing a growth of approximately 2.93% and 4.86% over that of 2024, respectively. During the Year, the decrease in gross profit margin of the gas connection business was mainly due to the increase in cost.

Sales of piped gas

During the Year, revenue from piped gas sales was approximately RMB997 million (2024: RMB1,004 million). Revenue from piped gas sales accounted for approximately 93.10% (2024: 91.91%) of the total revenue from the piped gas transmission and distribution business. The gross profit margin of piped gas sales was 11.00% (2024: 9.54%). During the Year, the Group's sales volume of piped gas from subsidiary companies was 399.34 million m³, among the total sales, 140.67 million m³ (2024: 132.16 million m³) were sold to residential household customers; 258.67 million m³ (2024: 278.63 million m³) were sold to commercial and industrial customers. During the Year, piped gas sales volume decreased slightly, the gross profit margin slightly increased mainly due to the increase in selling prices.

Cylinder Gas Supply Business

Cylinder gas supply business is another major business of the Group. Currently, the Group's cylinder gas supply business is mainly the sales of liquefied natural gas (LNG), liquefied petroleum gas (LPG), and liquefied dimethyl ether (DME). During the Year, while maintaining established customers, we actively developed new users and expanded the sales market.

During the Year, the Group sold a total of 96,168 tons of cylinder gas (2024: 105,219 tons), which contributed a total sales revenue of approximately RMB536 million (2024: RMB678 million). During the Year, revenue from cylinder gas supply business accounted for approximately 23.45% (2024: 25.72%) of our total revenue. The gross profit margin of cylinder gas supply business was approximately 26.95% (2024: 23.07%). During the Year, sales volume decreased compared to the previous year due to declining market demand, while the increase in gross profit margin was mainly due to a greater decrease in costs than in sales prices.

Gas Distribution Business

During the Year, the Group's gas distribution business sold a total of 183,062 tons of gas (2024: 197,065 tons), which contributed a total sales revenue of approximately RMB678 million (2024: RMB793 million). During the Year, gas sales volume decreased significantly by approximately 7.11% and revenue decreased by approximately 14.61% as compared with 2024. During the Year, the gas distribution business accounted for approximately 29.63% (2024: 30.11%) of our total revenue. The gross profit margin of gas distribution was approximately 0.55% (2024: 0.54%). During the Year, the Group continued to develop and serve its customers, sale volume declined compared to the last year due to market condition, gross profit margin remained basically flat.

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

The Group has successively entered into agreements with third parties during 2024, under which the food ingredients supply and FMCG business will be managed and operated by the third parties, while the Group will receive either fixed monthly incomes or revenues on a pro rata basis subject to the monthly turnovers.

During the Year, the food ingredients supply and FMCG business realised revenue of approximately RMB1 million, accounting for approximately 0.06% of our total revenue.

Impairment Losses under the ECL Model, Net of Reversal

Impairment losses under the ECL model, net of reversal, amounted to loss approximately RMB15,029,000 (2024: loss of RMB1,817,000), representing an increase of approximately RMB13,212,000 as compared with the corresponding period of last year. The reason was mainly attributable to increase in expected credit loss on other receivables.

Other Gains and Losses, Net

Other gains and losses for the Year amounted to loss approximately RMB64,191,000 (2024: RMB119,872,000), representing a decrease in loss of approximately RMB55,681,000 as compared with the corresponding period of last year. It was mainly attributable to decrease in impairment loss recognised in respect of property, plant and equipment of piped gas transmission and distribution business, in order to write down the carrying amount to recoverable amounts.

Other Income

Other income for the Year amounted to approximately RMB50,683,000 (2024: RMB49,475,000), representing an increase of approximately RMB1,208,000 as compared with the corresponding period of last year. The increase was mainly due to increase in incentive subsidies.

Finance Costs

Finance costs for the Year amounted to approximately RMB2,458,000 (2024: RMB4,245,000), representing a decrease of approximately RMB1,787,000 as compared with the corresponding period of last year. The decrease was mainly due to decrease in interest on bank borrowings.

Selling and Distribution Expenses

Selling and distribution expenses for the Year amounted to approximately RMB120,173,000 (2024: RMB133,856,000), representing a decrease of approximately RMB13,683,000 as compared with the corresponding period of last year, which was mainly attributable to the decrease in expenses.

Administrative Expenses

Administrative expenses for the Year amounted to approximately RMB108,430,000 (2024: RMB120,261,000), representing an decrease of approximately RMB11,831,000 as compared with the corresponding period of last year, which was mainly attributable to the decrease in staff costs.

Share of Results of Associates

Share of profit of associates for the Year was approximately RMB22,955,000 (2024: RMB27,066,000), representing an decrease of approximately RMB4,111,000 as compared with the corresponding period of last year, which was mainly attributable to the decrease in profits generated from the associates of the Company.

Share of Results of Joint Ventures

Share of loss of joint ventures for the Year amounted to approximately RMB172,984,000 (2024: profit of RMB70,294,000). The significant decrease in profit was mainly due to the increase in impairment loss recognised on the carrying amount of our joint venture in respect of property, plant and equipment and right-of-use assets during the Year as compared to the same period last year.

Income Tax Expense

Income tax expense for the Year amounted to approximately RMB15,851,000 (2024: RMB11,066,000), representing an increase of approximately RMB4,785,000 year-on-year. Such increase was mainly attributable to an decrease in credit of deferred taxation in the current year.

Material Acquisitions or Disposals

There was no material acquisitions or disposals for the Year.

FINANCIAL REVIEW

Liquidity and Capital Resources

During the Year, we funded our cash requirements primarily from cash flows mainly through business operation of our Company. We had cash and cash equivalents of approximately RMB790,624,000 and RMB578,906,000 as at December 31, 2025 and 2024, respectively. Meanwhile, our Group had borrowings of approximately RMB56,960,000 and RMB88,250,000 as at December 31, 2025 and 2024, respectively.

Our principal uses of cash have been for our business operations which require working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities and other funds raised from banking facility arrangement from time to time.

Borrowing Structure

As at 31 December 2025 the total borrowings of the Group were approximately RMB56,960,000 (2024: RMB88,250,000), which comprised domestic bank borrowings denominated in RMB of the project companies in China. Bank borrowings (in which interest is calculated by reference to the Loan Prime Rate announced by the People's Bank of China plus certain basis points) are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB28,460,000 (2024: RMB51,800,000) which were secured by certain assets with carrying amount of approximately RMB131,613,000 (2024: RMB145,049,000), others were unsecured. Short-term borrowings amounted to approximately RMB24,860,000 (2024: RMB83,550,000), 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 the Group's operations are in China and substantially all of its revenue and expenses are denominated in Renminbi, 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.

Contingent Liabilities

Details of contingent liabilities is set out in note 17 of the annual results announcement for the Year.

Employees

For the Year, we had more than 4,700 employees (including subsidiaries, associates and joint ventures), most of them were resided in Mainland 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 basic salaries and pension funds, the Group also has a performance-based incentive mechanism in place, whereby individual employees may be granted discretionary bonus and/or share options as rewards for their outstanding performance. The Group firmly believes that a stable and efficient team is the cornerstone of sustainable business development, and will continue to optimize its human resources policies to attract and retain outstanding talent.

Corporate Environmental and Social Responsibility

The Group is consistently committed to pursuing the long-term sustainable development of all its businesses and the communities in which it operates. We fully recognise that we must give due consideration to the views and interests of our stakeholders, including shareholders, regulatory authorities, employees and the public, when making business decisions. Moving forward, we will continue to make progress in corporate governance, energy conservation and emission reduction, employee remuneration and benefits, and social welfare initiatives, striving to strike a balance between business development and social responsibility, and demonstrating our corporate citizenship.

Social Environment Protection

As a socially responsible clean energy operator, the Group actively promotes and applies clean energy, striving to mitigate the environmental impact of energy demand in the course of economic development. By constructing urban gas distribution networks, we replace highly polluting energy sources such as coal and oil with clean energy, which is widely applied in industrial, commercial and residential settings. We also vigorously advance the “coal-to gas” conversion project, transforming coal-fired boilers into natural gas boilers to reduce pollutant emissions at the source, thereby contributing to the improvement of environmental quality and building a beautiful China.

PROSPECTS AND OUTLOOK

Recently, China has adhered to a development path featuring ecology-first and green and low-carbon, firmly implementing the new energy security strategy. The energy transition has continuously reached new heights, effectively securing the energy demand for high-quality economic and social development and robustly supporting the construction of a beautiful China. By virtue of its safety, cleanliness and economic efficiency, natural gas has become one of the main energy sources ensuring China's energy security, and its strategic position will be further strengthened by policy support, technological innovation and market-oriented reforms, gradually positioning it as the core hub in the construction of the new energy system.

Looking ahead, the Group will continue to uphold the concept of high-quality development of natural gas, striving to build a more secure, stable and efficient comprehensive natural gas guarantee system. We will fully implement the various decisions and deployments of the central government's environmental protection policies, and actively respond to favorable policies such as "carbon peak and carbon neutrality". By fully leveraging policy advantages and the favorable environment for the healthy development of the gas industry, the Group aims to continuously expand its market scale and market share while steadily advancing its own industrial growth. At the same time, the Group will formulate corresponding business risk response strategies, maintain a prudent approach to capital investment while enhancing operational efficiency, and uphold strict credit monitoring to minimise customer default risk.

Piped Gas Transmission and Distribution Business

In the year of 2026, marking the start of the 15th Five-Year Plan period, energy work will focus on key areas such as tackling critical issues in safety transformation, deepening the national energy grid, responding to increasingly stringent regulations, and advancing multi-energy integration, with efforts to get the 15th Five-Year Plan off to a good start and provide robust energy support for China's modernization drive. The Central Economic Work Conference of 2025 explicitly identified "adhering to the guidance of the 'dual carbon' goals and promoting a comprehensive green transition" as one of the eight key tasks for economic work in 2026, clearly demonstrating a policy signal that China's commitment to promoting green and low-carbon development will remain unwavering and undiminished. By fully leveraging the advantages of piped gas, the Group will actively develop new users while maintaining its established user base, and expand value-added business, further promoting the development of its piped gas business at a steady pace.

Cylinder Gas Supply Business

The energy market has entered a critical period of deepening reforms as a whole. As one of the urban gas sources, the cylinder gas is featured by cleanness, efficiency and flexibility and forms a strong complement to the piped gas business of the Group. China's energy transition, based on its high-quality development, will accelerate the construction of a clean, low-carbon, safe and efficient new energy system, so as to provide a strong energy guarantee for the economic and social development, and constantly meet the growing needs of the people for a better life. Based on the basic national conditions and development stage, China takes a holistic and balanced approach to the coordination of new energy and traditional energy, and promoted the energy transition while ensuring the reliable supply of energy. We shall vigorously promote the clean and efficient use of fossil energy, optimise its role of support and modulation, and accelerate the construction of a new energy supply system with cleanness, safety and resilience.

The Group, in light of the characteristics of the cylinder gas industry and the actual business needs, will continue to develop and improve CVG gas management systems, to realise digital and information management of cylinder gas business, to promote electronic filling, distribution, information technology for reducing the operating costs and improving distribution efficiency, and to improve the safety and security capabilities of the cylinder gas business. Leveraging favorable policies and development environment and prospect, the Group will strive to ensure safe operation and efficient transportation, so as to expand the market share of areas with no established presences, and create better economic performance.

Gas Distribution Business

In 2025, the society-wide total energy consumption increased by 3.5% over the previous year. The green and low-carbon transition of energy consumption accelerates, and clean energy continues to grow. However, it is crucial to recognise that green transition is not an overnight process, and fossil fuels, including natural gas, will continue to play a significant role in securing the transition. The Proposals of the Central Committee of the Communist Party of China on Formulating the 15th Five-Year Plan for National Economic and Social Development lists "achieving significant new progress in the construction of a beautiful China" as one of its major objectives and dedicates a specific chapter to its deployment. This marks the elevation of the green transition from a special initiative to a core strategy within the overall context of China's modernization drive. Against this backdrop, building on the established presence of gas distribution business, the Group will seize the development opportunities of the gas industry, and continue to expand its business scale, striving for a further increase in both sales volume and revenue from its gas distribution operations.

The construction of ecological civilisation in China has entered a critical period, in which, carbon reduction is the key strategic direction. The regulation and control of total energy consumption and intensity are being progressively improved, which is more focusing on the dual control system of total carbon emission and intensity. In line with the aim of improving the national oil and gas security capability, the Group is committed to ensuring the stable and reliable supply of fuel gas, strengthening the construction of gas distribution system, enhancing the operational efficiency, and strengthening the safety management in gas operation, thus establishing a complete safety management system of safety inspection, supervision, rectification and elimination of hidden perils, so as to ensure the safe and stable operation of the Group.

Food Ingredients Supply and FMCG Business

In respect of the food ingredients supply and FMCG business, the implementation of all-round platform-based and intelligent management has led to a significant improvement in distribution efficiency. The handover of the food ingredients supply and FMCG business to third parties for their operations will facilitate market expansion and promote mutual benefits. As the economy of the society has fully restored to its normal operation, consumption potential unleashed under the release of consumption policies. Thus, the consumption has been recovering quickly. Upon the handover of the food ingredients supply and FMCG business to third parties for their operation and management, efficient processes will be introduced for reducing the operating costs and effectively improving its profitability.

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

Throughout the Year and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the Year and up to the date of this announcement, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the Year. The Company's employees, who are likely to be in possession of unpublished inside information, have been requested to comply with provisions similar to those terms in the Model Code.

The Company is not aware of any non-compliance with Model Code in the Year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the Year, including the accounting principles adopted by the Group, with the Company's management.

SCOPE OF WORK OF FAN, CHAN & CO. LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the announcement have been agreed by the Group's auditor, Fan, Chan & Co. Limited ("**Fan, Chan & Co.**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Fan, Chan & Co. in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Fan, Chan & Co. on the preliminary announcement.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement and annual report of the Company for the Year containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.681hk.com and be despatched to the Shareholders, if required, in due course.

On behalf of the Board of
Chinese People Holdings Company Limited
Mr. Fan Fangyi
Managing Director and Executive Director

Beijing, 30 March 2026

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, one Non-executive Director, namely, Dr. Liu Junmin, and three Independent Non-executive Directors namely, Prof. Zhao Yanyun, Mr. Cheung Chi Ming and Dr. Liu Xiaoxin.