

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024**

FINANCIAL HIGHLIGHT

Revenue of the Group amounted to approximately RMB2,635 million (2023: RMB2,514 million).

Profit for the Year amounted to approximately RMB59 million (2023: Loss RMB227 million).

Earning per share for the Year was RMB0.17 cents (2023: Loss per share RMB2.59 cents).

We do not recommend the payment of a final dividend for the Year (2023: 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 2024 (the “**Year**”) together with the comparative figures for the corresponding year of 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	2,634,675	2,513,521
Cost of sales		<u>(2,331,617)</u>	<u>(2,200,930)</u>
Gross profit		<u>303,058</u>	<u>312,591</u>
Impairment loss under the expected credit loss (“ECL”) model, net of reversal	5	(1,817)	(8,291)
Other gains and losses, net	6	(119,872)	(66,632)
Other income	7	49,475	42,620
Finance costs	8	(4,245)	(4,494)
Selling and distribution expenses		(133,856)	(141,604)
Administrative expenses		(120,261)	(115,198)
Share of results of associates		27,066	21,349
Share of results of joint ventures		<u>70,294</u>	<u>(242,653)</u>
Profit (loss) before tax	10	69,842	(202,312)
Income tax expense	9	<u>(11,066)</u>	<u>(24,947)</u>
Profit (loss) for the year		<u>58,776</u>	<u>(227,259)</u>
Other comprehensive income (expense) 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 income (expense) (“FVTOCI”) net of tax		<u>3,929</u>	<u>(17,240)</u>
Other comprehensive income (expense) for the year		<u>3,929</u>	<u>(17,240)</u>
Total comprehensive income (expense) for the year		<u><u>62,705</u></u>	<u><u>(244,499)</u></u>

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		15,317	(231,749)
Non-controlling interests		43,459	4,490
		58,776	(227,259)
Total comprehensive income (expense) attributable to:			
Owners of the Company		18,096	(248,902)
Non-controlling interests		44,609	4,403
		62,705	(244,499)
Earning (loss) per share			
– basic	<i>12</i>	RMB 0.17 cents	RMB (2.59) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		738,471	927,144
Right-of-use assets		74,126	98,302
Investment properties		105,312	3,770
Goodwill		–	–
Intangible assets		12,429	18,355
Interests in associates		112,962	174,052
Interests in joint ventures		1,082,948	1,104,454
Deferred tax assets		14,658	3,163
Equity instruments at FVTOCI		109,933	107,733
Long-term deposits and other receivables		20,438	18,435
		<u>2,271,277</u>	<u>2,455,408</u>
Current assets			
Inventories		43,729	47,033
Trade, bills and other receivables and prepayments	13	323,239	195,596
Contract assets		25,496	34,072
Financial assets at FVTPL		5,393	16,595
Bank deposits		120,313	211,468
Cash and cash equivalents		578,906	393,033
		<u>1,097,076</u>	<u>897,797</u>
Current liabilities			
Trade and other payables	14	247,023	274,020
Contract liabilities		250,981	231,903
Tax liabilities		7,705	9,224
Lease liabilities		4,207	3,730
Bank borrowings – due within one year		83,550	81,600
		<u>593,466</u>	<u>600,477</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net current assets	<u>503,610</u>	<u>297,320</u>
Total assets less current liabilities	<u><u>2,774,887</u></u>	<u><u>2,752,728</u></u>
Capital and reserves		
Share capital	564,507	564,507
Reserves	<u>1,953,738</u>	<u>1,935,642</u>
Equity attributable to owners of the Company	<u>2,518,245</u>	<u>2,500,149</u>
Non-controlling interests	<u>227,384</u>	<u>218,502</u>
Total equity	<u><u>2,745,629</u></u>	<u><u>2,718,651</u></u>
Non-current liabilities		
Bank borrowings – due after one year	4,700	175
Lease liabilities	10,470	16,162
Deferred tax liabilities	<u>14,088</u>	<u>17,740</u>
	<u><u>29,258</u></u>	<u><u>34,077</u></u>
	<u><u>2,774,887</u></u>	<u><u>2,752,728</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 Lofty Key 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 the executive directors of the Company.

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) distribution of gas and (iv) the food ingredients supply and fast moving consumer goods (“**FMCG**”) business through the chain stores operation including supermarkets and a convenience store 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 HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

a. Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accounts (“**HKICPA**”) that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*

Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

Amendments to HKAS 1, *Non-current Liabilities with Covenants*

Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

b. Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) and Amendments to HKAS 1 Non-current Liabilities with Covenants

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings:

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

c. New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs 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 HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs 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>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 HKFRS Accounting Standards, <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025
• 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 – wholesales and retail of merchandise (including but not limited to rice; meat; fresh food; FMCG) through supermarkets and a convenience store. The Group entered into agreements, namely strategic co-operation agreements, with independent third parties for them to operate the supermarkets and convenience store, including the lease of the 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 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>	(32,878)
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>69,842</u>

For the year ended 31 December 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>1,169,580</u>	<u>655,574</u>	<u>585,726</u>	<u>102,641</u>	<u>2,513,521</u>
Segment profit (loss)	<u>35,661</u>	<u>3,061</u>	<u>4,096</u>	<u>(7,515)</u>	35,303
Unallocated income					7,646
Central administration costs					(9,155)
Share of results of associates					21,349
Share of results of joint ventures					(242,653)
Unallocated impairment loss of property, plant and equipment					(10,308)
Finance costs					<u>(4,494)</u>
Loss before tax					<u>(202,312)</u>

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

The accounting policies of the reportable and operating segments are the same as the Group's material accounting policies. Segment result represents the (loss) profit (incurred by) earned 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 property, plant and equipment and investment properties, unallocated 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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services		
Sales of piped gas	1,004,135	1,045,703
Piped gas connection	88,441	123,877
Cylinder gas supply	677,633	655,574
Gas distribution	793,395	585,726
Food ingredients supply and FMCG	71,071	102,641
	<u>2,634,675</u>	<u>2,513,521</u>
Timing of revenue recognition		
On point in time basis	2,546,234	2,389,644
On over time basis	88,441	123,877
	<u>2,634,675</u>	<u>2,513,521</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment loss, net of reversal		
Trade receivables from contracts with customers	(2,078)	639
Other receivables	261	(8,930)
	<u>(1,817)</u>	<u>(8,291)</u>

6. OTHER GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Gain (loss) on disposal of property, plant and equipment and right-of-use assets	16,321	(2,093)
Loss on disposal of an investment property	–	(79)
Fair value gain on financial assets at FVTPL	193	95
Net foreign exchange gain	1,690	1,320
Fair value loss on investment properties	–	(480)
Gain on disposal of subsidiaries	7,667	–
Impairment loss recognised in respect of		
– Property, plant and equipment	(130,684)	(63,755)
– Right-of-use assets	(4,343)	(1,640)
– Investment properties	(6,019)	–
– Intangible assets	(4,697)	–
	<u>(119,872)</u>	<u>(66,632)</u>

7. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	7,134	6,520
Interest income from financial assets at FVTPL	–	277
Rental income	5,294	3,293
Dividend income from an equity instrument at FVTOCI	–	646
Repair and maintenance services income	2,470	57
Sales of gas appliances, net	18,614	20,211
Incentive subsidies (<i>note</i>)	783	2,081
Underfloor heating engineering and pipe renovation income	9,520	1,705
Others	5,660	7,830
	<u>49,475</u>	<u>42,620</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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank borrowings	3,206	3,426
Interest on lease liabilities	1,039	1,068
	<u>4,245</u>	<u>4,494</u>

9. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”):		
– Current tax	25,726	22,710
– (Over) under provision in prior years	(407)	934
– Withholding tax	1,250	–
Deferred taxation	<u>(15,503)</u>	<u>1,303</u>
	<u>11,066</u>	<u>24,947</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% (2023: 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 is calculated at 5% (2023: nil) on the dividend income received from the subsidiary in the PRC.

* For identification purpose only

10. PROFIT (LOSS) BEFORE TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Directors' emoluments	6,124	6,030
Other staff costs (excluding directors)		
– Salaries, allowances and benefits in kind	157,053	141,413
– Retirement benefits scheme contributions	23,264	20,931
	<hr/>	<hr/>
Total staff costs	186,441	168,374
Cost of inventories recognised as expenses	2,278,411	2,140,039
– Costs of gas purchased	2,107,415	1,952,727
– Costs of merchandise sold	59,624	87,055
– Production costs	111,372	100,257
Auditor's remuneration		
– Audit services	1,000	1,000
– Non-audit services	–	–
Depreciation/amortisation		
– Property, plant and equipment	52,378	59,080
– Right-of-use assets	5,316	5,300
– Investment properties	2,063	–
– Intangible assets	1,229	1,229
Contract costs recognised as expense in respect of gas connection construction contracts (included in cost of sales)	53,206	60,891
Commission expense	18,484	20,365
Entertainment expense	5,370	5,656
	<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 2024 and 2023, nor has any dividend been proposed since the end of the reporting year.

12. EARNING (LOSS) PER SHARE

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earning (loss)		
Profit (loss) for the year attributable to the owners of the Company and for the purpose of basic earning (loss) per share	<u><u>15,317</u></u>	<u><u>(231,749)</u></u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning (loss) per share	<u><u>8,934,561,203</u></u>	<u><u>8,934,561,203</u></u>

No diluted earning (loss) per share is presented for both years as there was no potential ordinary shares in issue.

13. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	62,991	60,978
Bills receivables	4,129	6,677
	<u>67,120</u>	<u>67,655</u>
Less: Allowance for credit losses	(12,724)	(10,759)
	<u>54,396</u>	<u>56,896</u>
Deposits paid for purchases of natural gas; cylinder gas; merchandises and construction materials	105,546	83,670
Rental and utilities deposits and prepayments	6,872	7,914
Other tax recoverable	6,394	11,171
Amounts due from non-controlling interests	33,096	17,075
Amount due from an associate	480	–
Dividend receivable from associates	52,179	–
Dividend receivable from a joint venture	51,000	–
Other receivables and deposits	36,579	43,084
	<u>292,146</u>	<u>162,914</u>
Less: Allowance for credit losses	(23,303)	(24,214)
	<u>268,843</u>	<u>138,700</u>
	<u><u>323,239</u></u>	<u><u>195,596</u></u>

Trade 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	41,501	40,920
91 to 180 days	3,596	3,119
Over 180 days	5,170	6,180
	<hr/>	<hr/>
Trade receivables	50,267	50,219
	<hr/> <hr/>	<hr/> <hr/>
0 to 90 days	2,948	3,680
91 to 180 days	1,121	2,997
Over 180 days	60	–
	<hr/>	<hr/>
Bills receivables	4,129	6,677
	<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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 90 days	77,113	103,133
91 to 180 days	11,647	7,968
Over 180 days	<u>23,509</u>	<u>13,766</u>
Trade payables	112,269	124,867
Piped gas customers deposits	18,275	19,662
Amounts due to non-controlling interests of subsidiaries	196	814
Dividend payable to non-controlling interests of subsidiaries	8,000	–
Amount due to a joint venture	–	96
Other tax payables	36,854	27,712
Wages and staff benefits	20,220	20,536
Retention payables and security deposits received	28,862	35,542
Compensation received in advance	–	15,699
Accrued charges and other payables		
– Endorsement of bills	279	3,675
– Property, plant and equipment	3,838	4,219
– Reimbursement	7,260	4,702
– Others	<u>10,970</u>	<u>16,496</u>
Total trade and other payables	<u><u>247,023</u></u>	<u><u>274,020</u></u>

15. CAPITAL AND OTHER COMMITMENTS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Purchases of:		
Property, plant and equipment	7,232	11,093
Right-of-use assets	<u>15,787</u>	<u>13,986</u>
	<u><u>23,019</u></u>	<u><u>25,079</u></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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	143,899	151,819
Right-of-use assets	<u>1,150</u>	<u>1,198</u>
	<u><u>145,049</u></u>	<u><u>153,017</u></u>

Restrictions on assets

In addition, lease liabilities of approximately RMB14,677,000 (2023: RMB19,892,000) are recognised with related right-of-use assets of RMB15,103,000 (2023: RMB10,847,000) as at 31 December 2024. 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.

A natural gas charging right was pledged from 17 March 2022 to 16 March 2025 as collateral. The assessed or negotiated value of the collateral between the Group and the bank is RMB276,171,100.

17. CONTINGENT LIABILITIES

As at 31 December 2024, the Group has no significant contingent liability.

18. EVENTS AFTER REPORTING PERIOD

The Group has no significant events after reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2024 (the “Year”), under the leadership of the directors and management of the Company, all of our staff executed the development strategies of the Group seriously, thus successfully achieving the business goals for the year.

BUSINESS REVIEW

The revenue was increased for the Year, the revenue of the Group was approximately RMB2,635 million (2023: RMB2,514 million) and the profit for the Year was approximately RMB59 million (2023: loss of approximately RMB227 million) mainly due to share of loss of joint ventures of approximately RMB243 million for the year ended 31 December 2023. Basic earning per share was RMB0.17 cents (2023: basic loss per share RMB2.59 cents). The overall gross profit margin of the Group for the Year was 11.50% (2023: 12.44%), representing a decrease of 0.94 percentage points as compared with 2023.

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 RMB1,093 million (2023: RMB1,169 million) was recorded from our provision of piped gas transmission and distribution business, which accounted for approximately 41.47% (2023: 46.53%) of our total revenue. The overall gross profit margin of piped gas transmission and distribution business for the Year was approximately 11.99% (2023: 11.67%). During the Year, the gross profit margin slightly increased due to the decrease in cost of gas.

Piped Gas Connection

During the Year, revenue from piped gas connection was approximately RMB89 million (2023: RMB124 million). Revenue from piped gas connection represented approximately 8.09% (2023:10.60%) 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 39.84% (2023: 50.85%). During the Year, the Group's subsidiaries had an addition of 21,157 units of residential household customers and 826 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 588,061 units and 13,136 units respectively, representing a growth of approximately 3.73% and 6.71% over that of 2023, respectively. During the Year, the decrease in gross profit margin of the gas connection business was mainly due to the decrease in price with stable cost.

Sales of piped gas

During the Year, revenue from piped gas sales was approximately RMB1,004 million (2023: RMB1,045 million). Revenue from piped gas sales accounted for approximately 91.91% (2023: 89.40%) of the total revenue from the piped gas business. The gross profit margin of piped gas sales was 9.54% (2023: 7.02%). During the Year, the Group's sales volume of piped gas from subsidiary companies was 410.79 million m³, among the total sales, 132.16 million m³ (2023: 128.28 million m³) were sold to residential household customers; 278.63 million m³ (2023: 290.07 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 decrease in costs.

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 105,219 tons of cylinder gas (2023: 96,332 tons), which contributed a total sales revenue of approximately RMB678 million (2023: RMB656 million). During the Year, revenue from cylinder gas supply business accounted for approximately 25.72% (2023: 26.09%) of our total revenue. The gross profit margin of cylinder gas supply business was approximately 23.07% (2023: 23.52%). During the Year, the Group actively explored the market, resulting in increased sales volume as compared with last year. Gross profit margin was basically similar as last year.

Gas Distribution Business

During the Year, the Group's gas distribution business sold a total of 197,065 tons of gas (2023: 135,994 tons), which contributed a total sales revenue of approximately RMB793 million (2023: RMB586 million). During the Year, gas sales volume increased significantly by approximately 44.91% and revenue increased by approximately 35.45% as compared with 2023. During the Year, the gas distribution business accounted for approximately 30.11% (2023: 23.31%) of our total revenue. The gross profit margin of gas distribution was approximately 0.54% (2023: 1.09%). During the Year, the Group continued to develop and serve customers. However, due to market conditions, sales prices declined, leading to a decrease in the gross profit margin.

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

The food ingredients supply business is mainly a service providing to commercial consumers by supplying fruits and vegetables, fresh produce, seasoning, dry foods and oil and other ingredients. In order to realise profitability of the food ingredients supply and 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 RMB71 million (2023: RMB103 million), accounting for approximately 2.70% (2023: 4.07%) of the Group's total revenue. The Group has been optimising the food ingredients supply and FMCG business and improving its operating model. The performance of segment has improved mainly based on the reversal of impairment of right-of-use assets. Therefore, the segment of food ingredients supply and FMCG business has recorded profit.

Impairment Losses under the ECL Model, Net of Reversal

Impairment losses under the ECL model, net of reversal, amounted to loss approximately RMB1,817,000 (2023: loss of RMB8,291,000), representing a decrease of approximately RMB6,474,000 as compared with the corresponding period of last year. The reason was mainly attributable to decrease in expected credit loss on other receivables.

Other Gains and Losses, Net

Other gains and losses for the Year amounted to loss approximately RMB119,872,000 (2023: RMB66,632,000), representing an increase in loss of approximately RMB53,240,000 as compared with the corresponding period of last year. It was mainly attributable to increase 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 RMB49,475,000 (2023: RMB42,620,000), represented an increase of approximately RMB6,855,000 as compared with the corresponding period of last year. The increase was mainly due to increase in pipe renovation income.

Finance Costs

Finance costs for the Year amounted to approximately RMB4,245,000 (2023: RMB4,494,000), represented a decrease of approximately RMB249,000 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 RMB133,856,000 (2023: RMB141,604,000), representing a decrease of approximately RMB7,748,000 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 RMB120,261,000 (2023: RMB115,198,000), representing an increase of approximately RMB5,063,000 as compared with the corresponding period of last year, which was mainly attributable to the increase in staff costs.

Share of Results of Associates

Share of profit of associates for the Year was approximately RMB27,066,000 (2023: RMB21,349,000), representing an increase of approximately RMB5,717,000 as compared with the corresponding period of last year, which was mainly attributable to the increase in profits generated from the associates of the Company.

Share of Results of Joint Ventures

Share of profit of joint ventures for the Year amounted to approximately RMB70,294,000 (2023: loss of approximately RMB242,653,000). The significant increase in profit was mainly due to the decrease 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 ended 31 December 2024 as compared to the same period last year.

Income Tax Expense

Income tax expense for the Year amounted to approximately RMB11,066,000 (2023: RMB24,947,000), represented a decrease of approximately RMB13,881,000 year-on-year. Such decrease was mainly attributable to an increase in credit of deferred tax in the current year.

Material Acquisitions or Disposals

There was no material acquisitions or disposals for the Year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2024, the consolidated financial position of the Group is as follows:

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

Borrowing Structure

As at 31 December 2024, the total borrowings of the Group were approximately RMB88,250,000 (2023: RMB81,775,000), 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 RMB51,800,000 (2023: RMB62,000,000) which were secured by certain assets with carrying amount of approximately RMB145,049,000 (2023: RMB153,017,000), others were unsecured. Short-term borrowings amounted to approximately RMB83,550,000 (2023: RMB81,600,000), 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 ended 31 December 2024.

Employees

For the year ended 31 December 2024, we had approximately 5,000 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 pension funds, individual employees may be granted discretionary bonus and/or share options as rewards for their outstanding performance.

Corporate Environmental and Social Responsibility

We adhere to pursue long-term sustainable development in the communities in which our business and operations located. We understand the importance of the views and interests of its stakeholders (such as shareholders, regulators, employees and the public) when making business decisions. We will continue to advance in corporate governance, energy conservation, remuneration of employees, general social welfare and etc.

Social Environment Protection

As a responsible clean energy business operator, we are committed to the promotion and the use of clean energy in order to minimise the environmental damage caused by energy demand for economic development. Through the construction of urban-gas distribution network, we encourage commercial and industrial customers and residential households to replace high polluting coal and oil with clean energy, and vigorously promote the Coal to Gas project. Coal-fired boilers are replaced by natural gas boilers to reduce pollutant emission.

PROSPECTS AND OUTLOOK

2024 marked the tenth year for the intensive implementing of the energy security new strategy featuring “Four Reforms and One Cooperation”. Since the new era, China has persisted in taking the priority ecologically, green and low-carbon development path, unswervingly implemented the energy security new strategy, and promoted energy transition and development to new steps forward. This firmly guaranteed the energy support for the high-quality economic and social development, as well as effectively supporting the construction of a beautiful China. Natural gas, with its nature in safety, cleanness, and economical use in China’s energy structure, is currently the main energy source for guaranteeing energy security. With the development of policy support, technology innovation and market-oriented reform, its strategic position will be further strengthened, and will become the core hub of the construction of a new energy system.

In the future, the Group will remain committed to the concept of high-quality natural gas development and build a comprehensive natural gas security system which is safer, more stable and more efficient. It will put in place the decisions and deployments made by the central government on its environmental policies, by proactive response to favorable policies such as peak carbon dioxide emissions and carbon neutrality. It will make full use of policies and the healthy development environment of the gas industry, to expand its market size and market share, while taking solid steps in developing its own industry. Meanwhile, the Group will formulate corresponding business risk response policies, and while enhancing the operating productivity and cost efficiency, we will also remain cautious in capital investment and maintain effective credit monitoring to minimise the risk of default of customers.

Piped Gas Transmission and Distribution Business

In 2024, apart from proactive implementation of the energy security new strategy featuring “Four Reforms and One Cooperation”, which comprehensively promoted energy security and green low-carbon transition, the Energy Law also proposed: “The country shall take various measures to increase the exploration and development of natural gas resources and enhance the domestic supply guarantee capacity of natural gas.” The capacity to ensure energy security has been strengthened; The energy consumption structure is continuously optimised, while the proportion of non-fossil energy consumption is steadily rising, thus significantly improving the development level of green low-carbon energy.

The Group will take the full advantages of piped gas, so as to maintain existing users, identify new users, actively expand value-added business, and continue to promote the development of 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 has grasped the balance between 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 the role of fossil energy 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 realise 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 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 2024, the society-wide total energy consumption increased by 4.2% over the previous year. With the acceleration of the energy transition to green and low-carbon, clean energy maintained its growth trend, with natural gas increasing by 0.3 percentage points. In 2024, as the domestic macro-economic recovery continued to gain traction aided, the natural gas market continued to recover and the demand for natural gas increased rapidly. It undoubtedly provided favorable opportunities for the gas distribution business. Amid this, building on the established presence of gas distribution business, the Group will seize the development opportunities of the gas industry to further expand such business, with an aim to enhance the sales volume and income from the business again.

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 have been improved, which is more focusing on the dual control system of total carbon emission and intensity. The aim of improving the national oil and gas security capability is to ensure the stable and reliable supply of fuel gas. The Group will strengthen the construction of gas distribution system, enhance the efficiency, as well as strengthen 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 operation of the Group.

Food Ingredients Supply and FMCG Business

In respect of the food ingredients supply and FMCG business, through all-round platformization management, intelligent management, the Group greatly improved the efficiency of distribution. The handover of the food ingredients supply and FMCG business to third parties for their operations will facilitate the food materials supply and FMCG business to explore new markets and achieve mutual benefits. In terms of retail business, 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 improving the profitability of the food ingredients supply and FMCG business.

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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Fan, Chan & Co. on the 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, 31 March 2025

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.