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 2021

FINANCIAL HIGHLIGHT

Revenue of the Group amounted to approximately RMB2,732 million (the Previous Period: RMB1,748 million).

Profit for the Year amounted to approximately RMB187 million (the Previous Period: RMB145 million).

Basic earnings per share for the Year was RMB1.88 cents (the Previous Period: RMB1.21 cents).

We do not recommend the payment of a final dividend for the Year (the Previous Period: 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 2021 (the "**Year**") together with the comparative figures for the nine months ended 31 December 2020 (the "**Previous Period**") are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	**Year ended 31 December 2021** *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Revenue	*4*	**2,731,601**	1,747,553
Cost of sales and services		**(2,348,949)**	(1,460,923)
Gross profit		**382,652**	286,630
Impairment losses under the expected credit loss ("**ECL**") model, net of reversal	*5*	**(62)**	5,293
Other gains and losses	*6*	**(19,410)**	(4,900)
Other income	*7*	**44,836**	38,446
Finance costs	*8*	**(6,935)**	(7,493)
Selling and distribution expenses		**(159,813)**	(110,674)
Administrative expenses		**(126,085)**	(88,938)
Share of results of associates		**15,629**	16,401
Share of results of joint ventures		**53,698**	33,993
Profit before tax		**184,510**	168,758
Income tax credit (expense)	*9*	**2,543**	(24,057)
Profit for the year/period	*10*	**187,053**	144,701
Other comprehensive (expense) income for the year/period			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on equity instruments at fair value through other comprehensive income ("**FVTOCI**") net of tax		**(56,091)**	29,561
Other comprehensive (expense) income for the year/period		**(56,091)**	29,561
Total comprehensive income for the year/period		**130,962**	174,262

	NOTE	Year ended 31 December 2021 RMB'000	Nine months ended 31 December 2020 RMB'000
Profit for the year/period attributable to:			
Owners of the Company		**167,781**	107,906
Non-controlling interests		**19,272**	36,795
		187,053	144,701
Total comprehensive income attributable to:			
Owners of the Company		**111,685**	138,548
Non-controlling interests		**19,277**	35,714
		130,962	174,262
Earnings per share	*12*	**RMB**	RMB
– basic		**1.88 cents**	1.21 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTES	**2021** RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**908,381**	869,075
Right-of-use assets		**105,396**	103,172
Investment properties		**10,720**	11,100
Goodwill		**–**	9,221
Intangible assets		**20,814**	22,040
Interests in associates		**137,439**	121,810
Interests in joint ventures		**1,342,948**	1,289,250
Deferred tax assets		**5,649**	4,605
Equity instruments at FVTOCI		**104,119**	167,780
Long-term deposits		**48,285**	33,042
Loan receivable		**26,133**	–
		2,709,884	2,631,095
Current assets			
Inventories		**50,993**	51,587
Trade, bills and other receivables and prepayments	*13*	**204,644**	223,649
Contract assets		**37,494**	15,403
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,405**	–
Bank balances and cash		**575,164**	614,866
		869,700	905,505
Current liabilities			
Trade and other payables	*14*	**245,355**	269,907
Contract liabilities		**238,453**	237,850
Tax liabilities		**22,074**	45,750
Lease liabilities		**3,507**	5,596
Amount due to an associate		**–**	46
Bank borrowings – due within one year		**77,000**	77,500
		586,389	636,649

	2021	2020
	RMB'000	*RMB'000*
Net current assets	**283,311**	268,856
Total assets less current liabilities	**2,993,195**	2,899,951
Capital and reserves		
Share capital	**564,507**	564,507
Reserves	**2,137,574**	2,025,692
Equity attributable to owners of the Company	**2,702,081**	2,590,199
Non-controlling interests	**235,039**	236,087
Total equity	**2,937,120**	2,826,286
Non-current liabilities		
Bank borrowings – due after one year	**23,250**	21,916
Lease liabilities	**14,666**	19,135
Deferred tax liabilities	**18,159**	32,614
	56,075	73,665
	2,993,195	2,899,951

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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**").

The Company's immediate and ultimate holding company is Ping Da Development Limited, which is jointly owned by Dr. Mo Shikang and Miss Mo Yunbi, who are the executive directors of the Company.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in (i) piped gas transmission and distribution including 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) fast moving consumer goods ("**FMCG**") and food ingredients supply business including the operation of chain stores including supermarkets and convenience stores in the People's Republic of China ("**PRC**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Group.

Change of financial year end date in last year

For the last financial period, the financial year end date of the Company was changed to 31 December to align with the financial year end date of the Company's principal operating subsidiaries established in the PRC for which their accounts are statutorily required to be prepared with a financial year end date of 31 December. The corresponding comparative figures shown for the consolidated statement of profit or loss and other comprehensive income and related notes cover nine-month period from 1 April 2020 to 31 December 2020 and therefore may not be comparable with amounts shown for the current year which cover twelve-month period from 1 January 2021 to 31 December 2021.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

Except as described below, the application of the amendments to the standards listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these consolidated financial statements.

The Group has early applied the amendment to HKFRS 16 in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases ("HKFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of the amendment has had no impact to the opening retained profits at 1 January, 2021.

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:

HKFRS 17	Insurance Contracts and the Related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and Related Amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined

The directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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) FMCG and food ingredients supply. 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 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) FMCG and food ingredients supply – wholesales and retail of merchandise (including but not limited to rice; meat; fresh food; FMCG) through supermarkets and convenience stores.

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 reportable and operating segment.

For the year ended 31 December 2021

	Piped gas transmission and distribution *RMB'000*	Cylinder gas supply *RMB'000*	Gas distribution *RMB'000*	FMCG and food ingredients supply *RMB'000*	Total *RMB'000*
Segment revenue from external customers	**953,037**	**895,452**	**774,882**	**108,230**	**2,731,601**
Segment profit (loss)	**120,874**	**(5,593)**	**3,474**	**(9,227)**	**109,528**
Unallocated income					**19,923**
Central administration costs					**(7,333)**
Share of results of associates					**15,629**
Share of results of joint ventures					**53,698**
Finance costs					**(6,935)**
Profit before tax					**184,510**

For the nine months ended 31 December 2020

	Piped gas transmission and distribution *RMB'000*	Cylinder gas supply *RMB'000*	Gas distribution *RMB'000*	FMCG and food ingredients supply *RMB'000*	Total *RMB'000*
Segment revenue from external customers	544,908	575,831	540,329	86,485	1,747,553
Segment profit (loss)	92,613	33,899	1,998	(5,080)	123,430
Unallocated income					10,002
Central administration costs					(7,575)
Share of results of associates					16,401
Share of results of joint ventures					33,993
Finance costs					(7,493)
Profit before tax					168,758

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

The accounting policies of the reportable and operating segments are the same as the Group's 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. 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.

4. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Types of goods or services		
Sales of piped gas	**798,794**	442,859
Piped gas connection	**154,243**	102,049
Cylinder gas supply	**895,452**	575,831
Gas distribution	**774,882**	540,329
FMCG and food ingredients supply	**108,230**	86,485
	2,731,601	1,747,553
Timing of revenue recognition		
On point in time basis	**2,577,358**	1,645,504
On over time basis	**154,243**	102,049
	2,731,601	1,747,553

All the revenue from contracts with customers are derived from the PRC.

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

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Impairment loss, net of reversal:		
Trade receivables from contract with customers	**(5,953)**	838
Other receivables	**8,421**	4,455
Loan receivable	**(2,530)**	–
	(62)	5,293

6. OTHER GAINS AND LOSSES

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(9,153)**	9,534
Fair value loss on financial assets at FVTPL	**(314)**	(1,164)
Loss on disposal of subsidiaries	**(561)**	–
Net foreign exchange gain (loss)	**3,073**	(3,150)
Fair value loss on investment properties	**(380)**	(5,680)
Gain on re-measurement of pre-existing interests in a joint venture and an associate	**–**	1,111
Bargain purchase gain on acquisition of subsidiaries	**–**	1,513
Premium charged for the National Equities Exchange and Quotations Co., Ltd ("**NEEQ**") status arising on acquisition	**(2,854)**	–
Impairment loss recognised in respect of goodwill	**(9,221)**	(7,064)
	(19,410)	(4,900)

7. OTHER INCOME

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Bank interest income	**5,819**	2,919
Interest income from financial assets at FVTPL	**–**	6,415
Imputed interest income on loan receivable	**650**	–
Interest income from loan to a joint venture	**–**	665
Rental income, net	**6,249**	3,740
Covid-19-related rent concessions	**498**	1,208
Repair and maintenance services income	**1,753**	1,265
Sales of gas appliances, net	**18,576**	9,239
Incentive subsidies *(Note)*	**4,876**	7,870
Others	**6,415**	5,125
	44,836	38,446

Note: The amount mainly represents incentives related to the Group's operations by the government authorities in the PRC.

8. FINANCE COSTS

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Interest on bank borrowings	**5,925**	6,494
Interest on lease liabilities	**1,010**	999
	6,935	7,493

9. INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**19,961**	22,029
– (Over) under provision in prior years	**(16,909)**	331
Deferred taxation	**(5,595)**	1,697
	(2,543)	24,057

The taxation charge mainly represents EIT of the PRC for both year/period.

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 year/period.

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

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

Income tax credit for small-scaled minimal profit enterprise

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

* *For identification purpose only*

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Directors' emoluments	**5,245**	4,448
Other staff costs (excluding directors)		
– Salaries, allowances and benefits in kind	**147,593**	102,878
– Retirement benefits scheme contributions	**19,158**	3,864
Total staff costs	**171,996**	111,190
Cost of inventories recognised as expenses	**2,297,793**	1,422,249
Auditor's remuneration	**1,000**	1,262
Depreciation and amortisation		
– Property, plant and equipment	**61,719**	39,774
– Right-of-use assets	**14,245**	7,382
– Intangible assets	**1,226**	1,098
Contract cost recognised as expense in respect of gas connection construction contracts (included in cost of sales)	**51,156**	38,674

11. DIVIDEND

No dividend was paid or proposed during the Year (the Previous Period: nil), nor has any dividend has been proposed since the end of the Year.

12. EARNINGS PER SHARE

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

Basic earnings per share for the Year and the Previous Period are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31 December 2021 *RMB'000*	Nine months ended 31 December 2020 *RMB'000*
Earnings		
Profit for the year/period attributable to the owners of the Company and for the purposes of basic earnings per share	**167,781**	107,906

	Year ended 31 December 2021	Nine months Ended 31 December 2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,934,561,203**	8,934,561,203

No diluted earnings per share is presented for the Year and the Previous Period as there was no potential ordinary shares in issue.

13. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables	**65,233**	52,770
Bills receivables	**14,340**	14,974
	79,573	67,744
Less: Allowance for credit losses	**(12,308)**	(5,728)
Total trade and bills receivables (net of ECL)	**67,265**	62,016
Deposits paid for purchase of natural gas; cylinder gas; merchandises and construction materials	**81,832**	83,149
Rental and utilities deposits and prepayments	**1,997**	3,572
Other tax recoverable	**4,934**	5,629
Amounts due from non-controlling interests	**23,372**	36,639
Other receivables and deposits	**51,007**	65,903
Total other receivables and prepayments	**163,142**	194,892
Less: Allowance for credit losses	**(25,763)**	(33,259)
Total other receivables and prepayments (net of ECL)	**137,379**	161,633
	204,644	223,649

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 bill 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:

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
0 to 90 days	**49,891**	37,702
91 to 180 days	**987**	3,310
Over 180 days	**2,047**	6,030
Trade receivables	**52,925**	47,042
0 to 90 days	**10,807**	6,756
91 to 180 days	**2,741**	4,853
Over 180 days	**792**	3,365
Bills receivables	**14,340**	14,974

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:

	At 31 December 2021	At 31 December 2020
	RMB'000	*RMB'000*
0 to 90 days	**74,421**	77,561
91 to 180 days	**15,605**	11,360
Over 180 days	**7,796**	13,346
Trade payables	**97,822**	102,267
Piped gas customers deposits	**20,862**	33,478
Amounts due to non-controlling interests of subsidiaries	**17,789**	24,895
Other tax payables	**11,819**	23,753
Wages and staff benefits	**17,490**	18,314
Retention payables and security deposits received	**31,139**	23,534
Compensation received in advance	**15,699**	16,999
Accrued charges and other payables	**32,735**	26,667
Total trade and other payables	**245,355**	269,907

15. CAPITAL AND OTHER COMMITMENTS

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

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Carrying amount of:		
Property, plant and equipment	**14,605**	19,921
Right-of-use assets	**15,054**	11
	29,659	19,932

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:

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Property, plant and equipment	**64,536**	87,661
Investment properties	**–**	6,200
Right-of-use assets	**2,715**	2,807
	67,251	96,668

Restrictions on assets

In addition, lease liabilities of approximately RMB18,173,000 (31 December 2020: RMB24,731,000) are recognised with related right-of-use assets of approximately RMB21,308,000 (31 December 2020: RMB28,805,000) as at 31 December 2021. 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.

17. CONTINGENT LIABILITIES

As at 31 December 2021, the Group has no significant contingent liability.

18. EVENTS AFTER THE YEAR

Acquisition of 昆明升建恒通氣體產品有限公司(Kunming Shengjian Hengtong Gas Products Co., Ltd.*)

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

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Year, revenue from operations of the Group amounted to approximately RMB2,732 million (for the Previous Period: RMB1,748 million), while profit for the Year was approximately RMB187 million (the Previous Period: RMB145 million). Basic earnings per share for the Year was approximately RMB1.88 cents (the Previous Period: RMB1.21 cents). The overall gross profit margin of the Group for the Year was approximately 14.01% (the Previous Period: 16.40%), representing a decrease of 2.39 percentage point ("**ppt**") as compared with the Previous Period. The main reason for the decrease in gross profit margin was due to the impact of crude oil prices that the cost of gas was increased.

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. Currently, 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 our main business and our main source of income. During the Year, revenue of approximately RMB953 million (the Previous Period: RMB545 million) was recorded from our piped gas transmission and distribution business. The revenue accounted for approximately 34.89% (the Previous Period: 31.18%) of our total revenue. The overall gross profit margin of piped gas transmission and distribution business for the Year was approximately 22.69% (the Previous Period: 23.27%). The increase in sales volume led to an increase in revenue, and the gross profit margin was slightly lowered due to the impact of market prices.

Piped gas connection

During the Year, revenue from piped gas connection was approximately RMB154 million (the Previous Period: RMB102 million) and revenue from piped gas connection represented approximately 16.18% (the Previous Period: 18.72%) of the total revenue of the piped gas business. The gross profit margin of piped gas connection fee for the Year was approximately 63.45% (the Previous Period: 59.36%). During the Year, our subsidiary companies had an addition of 36,871 units of residential household customers and 878 units of commercial and industrial customers, respectively. At the end of the Year, our subsidiary companies had an accumulated number of connected residential household customers and commercial and industrial customers of 506,920 units and 10,843 units respectively, representing a growth of approximately 7.84% and 8.81% over the Previous Period, respectively. The overall connection rate of the Group's piped gas projects continues to rise, it is expected that the number of newly connected residential household customers will increase steadily, bringing the Group a steady increase in piped gas connection income.

Piped gas sales

During the Year, revenue from piped gas sales was approximately RMB799 million (the Previous Period: RMB443 million) and revenue from piped gas sales accounted for approximately 83.82% (the Previous Period: 81.28%) of the total revenue from the piped gas business. The gross profit margin of piped gas sales was approximately 12.94% (the Previous Period: 14.95%). During the Year, our sales volume of piped gas from subsidiary companies was 339.61 million m^3, among the total sales, 123.85 million m^3 (the Previous Period: 74.75 million m^3) were sold to residential household customers; 215.76 million m^3 (the Previous Period: 145.68 million m^3) were sold to commercial and industrial customers. The gas sales volume of residential household customers increased steadily is mainly due to the newly connected residential household customers gradually use natural gas. Meanwhile, in the commercial and industrial aspect, the demand from the "Coal to Gas" commercial and industrial customers continuous to grow, which become the main driving force of the growth of piped gas sales volume. The piped gas sales business of the Group is stable, the newly added piped gas connected commercial and industry customers in the previous years keep positive effect to the Group.

Cylinder Gas Business

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

For the Year, our subsidiary companies sold 158,210 tons of cylinder gas (the Previous Period: 139,737 tons) and the revenue was approximately RMB895 million (the Previous Period: RMB576 million). During the Year, revenue from cylinder gas business accounted for approximately 32.78% (the Previous Period: 32.95%) of our total revenue. The gross profit margin of cylinder gas supply business was approximately 16.46% (the Previous Period: 24.60%). During the Year, the sale recorded an increased as compared to the Previous Period. The increase in sales volume and selling price drove up revenue. The profit was affected by the increase in gas purchase costs that led the gross profit margin declined significantly, increase in administrative, selling and distribution expenses as well as the recognition of impairment losses of goodwill.

Gas distribution business

During the Year, our subsidiary companies in the gas distribution business sold a total of 184,213 tons of gas (the Previous Period: 193,068 tons), and realised a total revenue of approximately RMB775 million (the Previous Period: RMB540 million). During the Year, as compared with the Previous Period, gas sales volume decreased by approximately 4.59%, revenue increased by approximately 43.41%. During the Year, gas distribution business revenue accounted for approximately 28.37% of our total revenue (the Previous Period: 30.92%). The gross profit margin of gas distribution business was approximately 0.76% (the Previous Period: 0.77%). The Group continued to develop and serve customers, sales volume decreased, however, due to the influence of the gas market, both purchase and sales prices have risen; the increase in the sale price offset the slight decrease in sales volume, resulting in an increase in revenue and an increase in profit, and the gross profit margin basically remained unchange.

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

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

For the Year, the Group's FMCG and food ingredients supply business realised revenue of approximately RMB108 million (the Previous Period: RMB86 million), accounting for approximately 3.96% (the Previous Period: 4.95%) of our total revenue. We have been optimizing various sections under FMCG and food ingredients supply business including cost controlling, improving gross profit, the loss has been reduced gradually.

Impairment losses under the expected credit loss model, net of reversal

Impairment losses under the expected credit loss model, net of reversal, amounted to loss approximately RMB62,000 (the Previous Period: income RMB5,293,000), representing a decrease approximately RMB5,355,000. The reason was mainly attributable to increase in impairment.

Other Gains and Losses

Other gains and losses for the Year amounted to loss approximately RMB19,410,000 (the Previous Period: loss RMB4,900,000), represented an increase of approximately RMB14,510,000. Such increase was mainly due to the loss on disposal of property, plant and equipment and impairment loss recognised in respect of goodwill as compared to the Previous Period.

Other Income

Other income for the Year amounted to approximately RMB44,836,000 (the Previous Period: RMB38,446,000), represented an increase of approximately RMB6,390,000. Such increase was mainly due to the increase of sales of gas appliances, net.

Finance Costs

Finance costs for the Year amounted to approximately RMB6,935,000 (the Previous Period: RMB7,493,000), represented a decrease of approximately RMB558,000. Such decrease was mainly due to the decrease of interest on bank borrowings during the Year.

Selling and Distribution expenses

Selling and distribution expenses for the Year amounted to approximately RMB159,813,000 (the Previous Period: RMB110,674,000), representing an increase of approximately RMB49,139,000, which was mainly attributable to increase in staff costs.

Administrative Expenses

Administrative expenses for the Year amounted to approximately RMB126,085,000 (the Previous Period: RMB88,938,000), representing an increase of approximately RMB37,147,000, which was mainly due to increase in staff costs and depreciation.

Share of Results of Associates

Share of results of the associates for the Year amounted to approximately RMB15,629,000 (the Previous Period: RMB16,401,000), represented a decrease of approximately RMB772,000. Such decreased was mainly attributable to the decreased in revenue generated by the Company's associates.

Share of Results of Joint Ventures

Share of results of joint ventures for the Year amounted to approximately RMB53,698,000 (the Previous Period: RMB33,993,000), represented an increase of approximately RMB19,705,000. Such increase was mainly due to the increase in revenue generated by the Company's joint ventures.

Income Tax Credit/(Expense)

Income tax credit for the Year amounted to approximately RMB2,543,000 (the Previous Period: expenses RMB24,057,000), represented a decrease of approximately RMB26,600,000. Such decrease was mainly attributable to over provision in prior years.

Increase/decrease of projects during the Year

(a) ***Acquisition of 北京夜郎廚坊網絡科技股份有限公司 (Beijing Ye Lang Chu Fang Network Technology Co., Ltd*)***

On 3 November 2020, an indirectly wholly-owned subsidiary of the Company entered into equity transfer agreement to acquire 89.41% equity interest in 北京夜郎廚坊網絡科技股份有限公司 (Beijing Ye Lang Chu Fang Network Technology Co., Ltd*, "**Ye Lang Chu Fang**") formerly known as 北京紫荊新銳網絡科技股份有限公司 (Beijing Zi Jing Xin Rui Network Technology Co., Ltd*) ("**Acquisition**") from the shareholders of Ye Lang Chu Fang. The consideration was approximately RMB4,782,000. Ye Lang Chu Fang was established in the PRC with limited liability and principally engaged in the information transmission, software and IT service and the issued shares of which are quoted on the trading platform operated by the NEEQ (stock code: 837863.NEEQ). Before the Acquisition, another indirectly wholly-owned subsidiary of the Company acquired 10.59% equity interest in Ye Lang Chu Fang in August 2020. The 10.59% equity interest in Ye Lang Chu Fang held by the Group at 31 December 2020 was classified as equity instruments at FVTOCI. 40.33% equity interest in Ye Lang Chu Fang under the Acquisition was completed in January 2021 and together with the 10.59% equity interest already held by the Group, the Group obtained control in Ye Lang Chu Fang in January 2021.

(b) ***Acquisition of 重慶景通犀野實業有限公司 (Chongqing Jingtong Xiye Industrial Co., Ltd.)****

On 12 January 2021, an indirectly wholly-owned subsidiary of the Company namely 重慶犀野實業有限公司 (Chongqing Xiye Industrial Co., Ltd.*, "**Chongqing Xiye**"), 重慶景通犀野實業有限公司 (Chongqing Jingtong Xiye Industrial Co., Ltd.*, "**Chongqing Jingtong**") and the sole shareholder of Chongqing Jingtong entered into the capital injection agreement, pursuant to which Chongqing Xiye has conditionally agreed to contribute RMB35,000,000 to the Chongqing Jingtong.

Upon the completion of the capital injection on 13 January 2021, the Group holds 60.34% of the equity interests in the Chongqing Jingtong which becomes an indirectly non-wholly-owned subsidiary of the Company. The consideration was RMB35,000,000 and all was settled by cash for the acquisition of 60.34% of the equity interests in Chongqing Jingtong. The Chongqing Jingtong was established on 22 December 2020 in the PRC with limited liability and is principally engaged in property investment and operation and other related business in Chongqing, the PRC.

(c) Disposal of 重慶中民聯華燃氣有限公司 (Chongqing Zhongmin Lianhua Gas Co., Ltd.)*

On 28 November 2021, an indirect wholly-owned subsidiary of the Group namely 四川中民燃氣投資有限公司 (Sichuan Zhongmin Gas Investment Co., Ltd.* "**Sichuan Zhongmin**"), entered into an equity transfer agreement with a third party, pursuant to which Sichuan Zhongmin conditionally agreed to sell 100% equity interest of 重慶中民聯華燃氣有限公司 (Chongqing Zhongmin Lianhua Gas Co., Ltd.*, "**Zhongmin Lianhua**") at a total consideration of RMB18,423,730. Zhongmin Lianhua was established in the PRC with limited liabilities and principally engaged cylinder gas business in PRC. The transaction was completed in December 2021.

* *For identification purpose only*

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2021, 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 bank borrowings. The Group has sufficient funds to meet future capital expenditures and operational needs.

Borrowing structure

As at 31 December 2021, the total borrowings of the Group were approximately RMB100,250,000 (the Previous Period: RMB99,416,000), 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 interest 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 RMB48,250,000 (the Previous Period: RMB79,325,000) which were secured by certain assets with carrying amount of approximately RMB67,251,000 (the Previous Period: RMB96,668,000), others were unsecured. Short-term borrowings amounted to approximately RMB77,000,000 (the Previous Period: RMB77,500,000), while others were long-term borrowings due after one year.

Capital structure

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

Foreign exchange risk

As all of our operations are in China and substantially all of its revenue and expenses are denominated in 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 this announcement.

Employees

For the year ended 31 December 2021, 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 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 distributor, 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.

Cooperate to Fight the Epidemic

At the beginning of 2020, the COVID-19 pneumonia epidemic has been spreading throughout the country, with a grim situation of epidemic prevention and control. As an enterprise caring people's livelihood, the Group has proactively responded to and coordinated with the society to fight the epidemic since the outbreak, and therefore committed to the social responsibility of listed companies.

In order to cooperate in the prevention and control of the epidemic, the Group has printed and distributed documents such as the "Notice on Doing a Good Job in the Prevention and Control for the COVID-19 Pneumonia Epidemic", and made timely arrangements for the prevention and control for the epidemic with specified and unified operational instructions. During the epidemic, we purchased masks, disinfectant, gloves and other protective materials in a timely manner through various channels, carefully counted and dispatched the materials, and distributed them everyday according to the demands of different on-the-job personnel and posts, and employees were required to wear masks and take temperature everyday. Staff are arranged to be on duty to sterilise the business halls, stores, offices, canteens, gas distribution stations and other places everyday. All of these steps shall not be skipped for everyone of them.

In spite of achieving triumphant in the battle of epidemic prevention and control, ensuring supply is significant. Thus, the Group strives to ensure the safe and stable operation of gas fuel. We have strengthened emergency duty and safety inspection, so as to protect the safety of gas fuel facilities. The dispatch centre carries out 24-hour remote monitoring to the key gas fuel facilities through the system, performs all-weather and full-coverage patrol inspection to the gas supply districts, commercial customers, industrial customers and gas pipelines, and ensures the safe and stable operation of the gas pipeline network. On the premise of vigilantly exercising the preventive and control measures against epidemic diseases, frontline staff members such as emergency rescue, maintenance and business are always on their positions everyday, aiming to provide services to the customers.

In order to reduce the spread of virus caused by human contact and protect the health of our employees and customers, the Group temporarily suspended the on-site meter reading service during the epidemic prevention and control period. In the meantime, the Group intensified its promotional efforts in guiding customers to pay and recharge the credit through various platforms such as WeChat official account, thus encouraging customers to make contactless recharge.

PROSPECTS AND OUTLOOK

2021 is the first year of the "14th Five-Year Plan", and witnesses the maintained improvement in the fundamentals of natural gas industry in China. However, the risks of ongoing global epidemic, coupled with the frequent occurrence of extreme climates such as high temperature and extreme cold, have caused a great impact on the global supply and demand pattern of natural gas. The volatility of natural gas prices has intensified significantly. In light of the above, opportunities and challenges coexist in the development of the domestic natural gas market. The global economic development has been hit hard by the ongoing influence of the epidemic. The Company remains proactively responded to the relevant regulatory policies of epidemic prevention and control, national resumption of work and production and stable development of various industries, to ensure the sustainable development amid the special economic environment, while making steady progress in its gas business in the severe and complex economic environment.

2021 also represents the year that sees the full launch of the "peak carbon dioxide emissions and carbon neutrality" action, featuring increasingly accelerated pace of low-carbon energy transformation, more focused policies and more adequate guarantees. China's natural gas market has entered a critical period of deepening reforms as a whole. Driven by policies such as peak carbon dioxide emissions, carbon neutrality and air pollution prevention and control, the natural gas consumption is domestically expected to further grow.

In the future, the Company 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 Party Central Committee on the natural gas industry, by proactive response to favorable policies such as "coal-to-gas", "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 minimize the risk of default of customers.

Piped Gas Business

Since 2021, the repeated outbreak of the epidemic has made it impossible to fully recover the production capacity shortfall, and the continuous supply-side shock has led to a shortage of natural gas production capacity, which has brought varying impacts to energy companies. Thanks to the increasingly improved epidemic prevention and control policies and the economic recovery resulted from the resumption of work and production, the sales volume of national natural gas has experienced slow growth. Although the development of natural gas has been affected by several unfavorable factors, the gas industry, driven by relevant favorable policies such as clean energy and low carbon, will encounter more challenges and be accompanied by many opportunities in the future market environment.

Natural gas is an important force in achieving the "peak carbon dioxide emissions and carbon neutrality" goals in the future. Currently and for a long time in the future, driven by the policy of "peak carbon dioxide emissions and carbon neutrality" target, natural gas, as a clean and low-carbon fossil energy, undertakes the mission of ensuring energy security during the transformation of national energy structure. At the same time, compared with other gas, pipeline natural gas supply is more stable and more competitive. 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 business

With the policies such as peak carbon dioxide emissions and carbon neutrality and air pollution prevention and control, 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.

With the recurrence of the epidemic in 2021, various industries were varyingly affected in terms of benefits, with no exception to the gas industry. According to the favorable policies for the clean energy market in the medium and long term, such as clean energy and "coal-to-gas" as stated in the "14th Five-Year Plan", the gas industry still has a long way to go. The prevailing digital trend in China accelerates the pace of digital transformation. As the development of in-house new strategic options for the enterprises is the trend in the future, enterprise-to-customer Internet technology innovation will also be one of the gas industry's focus. The Group, in light of the characteristics of the cylinder gas industry and the actual business needs, will continue to develop and improve gas-supplying systems, to realize digital and information management of cylinder gas business, to realize 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 2021, the improvement in the fundamentals of natural gas industry in China was maintained. However, with the rising of natural gas price index in the international energy market, the domestic LNG price has been greatly affected. The gas distribution business is faced with a huge challenge, as well as risks and opportunities in the gas distribution industry. 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.

FMCG and food ingredients supply business

In terms of food ingredients supply, as income increases and the consumption level gradually improves, Chinese residents pay more attention to the freshness and high quality of ingredients. In recent years, the rapid development of technology and Internet technologies has greatly reduced the demand information gap between enterprises and customers, and big data has also been applied to conduct a clear analysis of the quality pursuits of residents and businesses for ingredients and goods. The Group works to strictly monitor every link of the industry, and analyze customer needs through the full combination of technology and realities. It also endeavours to firmly control the quality of food materials and improve operational efficiency. With a commitment to the business philosophy of the last mile between enterprises and residents, it will mainly rely on the diversified online and offline operation pattern and deliver fresh and high-quality ingredients to customers in a more efficient and more accessible way.

In terms of the store business, the advancement of China's digital development and the innovation of the Internet technologies have greatly contributed to the retail industry in the new era. People are concerned more about their spiritual needs and service experience. The huge consumer market in China has also brought more opportunities and challenges to the retail industry. In light of the above, the Group will deeply explore the needs of residents and enrich its offerings in terms of the store business. Leveraging the combination of convenience stores and supermarkets, the Group will make efforts to expand its market network, and integrate consumer groups of the store business, so as to further enhance its own brands. It will also make more key breakthroughs to reduce the impact of the special external environment, and ensure the quality of goods while improving the quality of services. These efforts will enable it to satisfy the shopping needs of new and existing consumers in a maximum way.

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 the code provisions set out in the Corporate Governance Code contained in Appendix 14 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 10 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.

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 despatched to the Shareholders and published on the website of the Stock Exchange at http://www.hkex.com.hk and the website of the Company at www.681hk.com 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 2022

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