CHINESE PEOPLE HOLDINGS COMPANY LIMITED
中民控股有限公司
(incorporated in Bermuda with limited liability) (stock code: 681)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

FINANCIAL HIGHLIGHTS

Revenue from continuing operations increased by 39.72% to approximately RMB485 million.

Stripping out the impact of discontinued operation, profit increased by 36.34%.

Basic and diluted earnings per share from continuing operations were RMB1.31 cents, up 35.05%.

The Board does not recommend the payment of an interim dividend.

The board (the "**Board**") of directors (the "**Director(s)**") of Chinese People Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2017 ("**Period**"), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		(Unaudited) Six months ended 30 September	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*2*	**484,555**	346,799
Cost of sales and services		**(363,506)**	(249,253)
Gross profit		**121,049**	97,546
Other gains and losses	*3*	**(11,383)**	(9,605)
Other income	*4*	**8,314**	10,684
Finance costs	*5*	**(5,097)**	(6,364)
Selling and distribution expenses		**(48,090)**	(39,591)
Administrative expenses		**(55,600)**	(51,366)
Share of results of associates		**18,508**	8,609
Share of results of joint ventures		**87,407**	75,293
Profit before tax		**115,108**	85,206
Income tax expense	*6*	**(11,480)**	(9,201)
Profit for the period from continuing operations	*7*	**103,628**	76,005
Discontinued operation			
Profit for the period from discontinued operation		**–**	53,435
Profit for the period		**103,628**	129,440
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
– change in fair value of available-for-sale investments		**21**	1
Total comprehensive income for the period		**103,649**	129,441

	Note	(Unaudited) Six months ended 30 September 2017 RMB'000	2016 RMB'000
Attributable to:			
Owners of the Company			
– Profit from continuing operations		**90,674**	67,037
– Profit from discontinued operation		**-**	53,435
		90,674	120,472
Non-controlling interests			
– Profit from continuing operations		**12,954**	8,968
		103,628	129,440
Total comprehensive income attributable to:			
Owners of the Company		**90,695**	120,473
Non-controlling interests		**12,954**	8,968
		103,649	129,441
Earnings per share	*8*	**RMB**	RMB
From continuing and discontinued operations			
– basic and diluted		**1.31 cents**	1.73 cents
From continuing operations			
– basic and diluted		**1.31 cents**	0.97 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	**At 30 September 2017 (Unaudited)** *RMB'000*	At 31 March 2017 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**646,790**	619,984
Investment properties		**13,200**	13,200
Prepaid lease payments		**58,559**	59,306
Goodwill		**14,051**	14,051
Intangible assets		**26,210**	26,825
Interests in associates		**126,074**	107,566
Interests in joint ventures		**1,004,962**	917,556
Available-for-sale investments		**16,721**	15,032
Long-term deposits and other receivables		**16,541**	31,844
		1,923,108	1,805,364
Current assets			
Inventories		**22,250**	21,401
Trade, bills and other receivables and prepayments	*10*	**117,557**	112,056
Amount due from a joint venture		**20,189**	24,556
Prepaid lease payments		**1,263**	1,494
Bank balances and cash		**402,653**	392,287
		563,912	551,794
Current liabilities			
Trade and other payables	*11*	**241,350**	216,352
Tax liabilities		**37,587**	41,635
Amount due to an associate		**15**	299
Amount due to a joint venture		**–**	4,103
Consideration payable		**157,539**	155,768
Bank borrowings		**61,000**	62,000
		497,491	480,157
Net current assets		**66,421**	71,637
Total assets less current liabilities		**1,989,529**	1,877,001

	At 30 September 2017 (Unaudited) *RMB'000*	At 31 March 2017 (Audited) *RMB'000*
Capital and reserves		
Share capital	**465,730**	453,328
Reserves	**1,295,364**	1,203,848
Equity attributable to owners of the Company	**1,761,094**	1,657,176
Non-controlling interests	**179,621**	168,937
Total equity	**1,940,715**	1,826,113
Non-current liabilities		
Bank borrowings	**40,500**	42,500
Deferred tax liabilities	**8,314**	8,388
	48,814	50,888
	1,989,529	1,877,001

NOTES:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As Part of the Annual Improvement to HKFRSs 2014-2016 Cycle

The above amendments to HKFRSs have been applied retrospectively or prospectively as required by the respective amendments. Except as described below, the application of the above amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions and/or on the disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

2. 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 ceased the lottery agency business ("**Discontinued Operation**") upon the completion of disposal of a group of subsidiaries on 30 June 2016. Accordingly, the results of lottery agency business for the six months ended 30 September 2016 have been separately presented as Discontinued Operation in the condensed consolidated statement of profit or loss and other comprehensive income.

The Group's reportable and operating segments under HKFRS 8 are as follows:

(1) Provision of piped gas – construction of gas pipeline networks and provision of piped gas;

(2) Transportation, distribution and retail of LPG – the sale of LPG in bulk to wholesale customers and the retail of LPG to end user households, industrial and commercial customers; and

(3) Production and sale of barreled drinking water.

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

For the six months ended 30 September 2017

Continuing operations	**Provision of piped gas**	**Transportation, distribution and retail of LPG**	**Production and sale of barreled drinking water**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**216,233**	**268,069**	**253**	**484,555**
Segment profit (loss)	**21,088**	**9,538**	**(155)**	**30,471**
Unallocated income				**4,767**
Central administration costs				**(20,948)**
Share of results of associates				**18,508**
Share of results of joint ventures				**87,407**
Finance costs				**(5,097)**
Profit before tax from continuing operations				**115,108**
Other segment information				
Amounts included in the measure of segment results:				
Depreciation	**12,069**	**5,327**	**25**	**17,421**
Amortisation	**1,198**	**395**	**–**	**1,593**
				19,014
Unallocated depreciation and amortisation				**888**
Total				**19,902**
(Gain) loss on disposal of property, plant and equipment	**711**	**(3,608)**	**–**	**(2,897)**
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				**126,074**
Interests in joint ventures				**1,004,962**
Share of results of associates				**18,508**
Share of results of joint ventures				**87,407**

For the six months ended 30 September 2016

Continuing operations	Provision of piped gas	Transportation, distribution and retail of LPG	Production and sale of barreled drinking water	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	186,337	158,579	1,883	346,799
Segment profit (loss)	(508)	14,416	1,529	15,437
Unallocated income				1,995
Central administration costs				(9,764)
Share of results of associates				8,609
Share of results of joint ventures				75,293
Finance costs				(6,364)
Profit before tax from continuing operations				85,206
Other segment information				
Amounts included in the measure of segment results:				
Depreciation	10,778	4,749	25	15,552
Amortisation	942	351	–	1,293
				16,845
Unallocated depreciation and amortisation				980
Total				17,825
Loss on disposal of property, plant and equipment	248	159	–	407
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				96,917
Interests in joint ventures				863,076
Share of results of associates				8,609
Share of results of joint ventures				75,293

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2016: nil).

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in the annual report for the year ended 31 March 2017. Segment profit (loss) represents the profit earned (loss 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 and other gains and losses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

3. OTHER GAINS AND LOSSES

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment	**2,897**	(407)
Net allowances charged in respect of other receivables	**(13,896)**	(9,494)
Net foreign exchange (loss) gain	**(384)**	296
	(11,383)	(9,605)

4. OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Bank interest income	**4,131**	1,026
Dividend income from available-for-sale investments	**1**	–
Gain on disposal of available-for sale investments	**129**	–
Interest income from loan to a non-controlling interests of subsidiary	**–**	241
Interest income from loan to a joint venture	**506**	735
Rental income	**323**	656
Repair and maintenance services income	**456**	1,333
Government grant	**46**	4
Others	**2,722**	6,689
	8,314	10,684

5. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Imputed interest on consideration payable	**–**	5,966
Interest on consideration payable	**1,771**	–
Interest on bank borrowings wholly repayable within five years	**3,326**	398
	5,097	6,364

6. INCOME TAX EXPENSE

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
– current tax	**12,214**	9,181
– (over) under provision in previous periods	**(660)**	24
Deferred taxation	**(74)**	(4)
	11,480	9,201

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Certain PRC group entities are entitled to the preferential tax rate pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC. The applicable tax rate of those PRC group entities is 15% for the six months ended 30 September 2017 and 2016.

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

Profit for the period from continuing operations has been arrived at after charging the following:

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Staff costs including Directors' emoluments:		
Directors' emoluments	**10,191**	3,636
Salaries, allowance and benefits in kind	**48,293**	46,958
Share-based payments	**5,529**	–
Retirement benefits scheme contribution	**7,004**	6,547
	71,017	57,141
Cost of inventories recognised as expenses	**316,530**	210,854
Depreciation of property, plant and equipment	**18,309**	16,532
Amortisation of prepaid lease payments	**978**	691
Amortisation of intangible assets (included in administrative expenses)	**615**	602
Operating lease payments in respect of rented premises	**4,093**	3,072
Contract cost recognised as expense in respect of gas connection construction contracts	**23,952**	14,556

8. EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to the owners of the Company	**90,674**	120,472
Less: Profit for the period from the discontinued operation	**–**	53,435
Earnings for the purposes of basic earnings per share from continuing operations	**90,674**	67,037
Number of shares		
Weighted averages number of ordinary shares for the purpose of basic earnings per share	**6,946,090,748**	6,944,954,136

From continuing and discontinued operations

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

	(Unaudited) Six months ended 30 September	
	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	**90,674**	120,472

There are no dilutive potential shares for the six months ended 30 September 2017 and 2016.

The denominators used are the same as these detailed above for the basic earnings and diluted per share from continuing operations.

From discontinued operation

Basic and diluted earnings per share from discontinued operation for the six months ended 30 September 2016 was RMB0.76 cents per share, based on the profit for the period from discontinued operation of RMB53,435,000 and the denominators detailed for the basic and diluted earnings per share from continuing operations.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2017 (2016: nil), nor has any dividend has been proposed since the end of the reporting period.

10. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2017 *RMB'000*	At 31 March 2017 *RMB'000*
Trade receivables	**53,306**	45,473
Less: allowance for doubtful debts	**(1,440)**	(1,440)
	51,866	44,033
Bill receivables	**–**	1,075
Other receivables and prepayments	**65,691**	66,948
Total	**117,557**	112,056

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days and extending to 180 days for major customers. The bill receivables are matured within the range of 30 days to 180 days as at the end of the reporting period. The Group does not hold any collateral over the balances. The following is an aged analysis of the trade receivables (net of impairment loss recognised) presented based on the invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates for sales of gas and the billing dates for work performed for construction contracts. The aged analysis of bill receivables at the end of the reporting period is presented based on the date of the Group's receipt of the bills:

	At 30 September 2017 *RMB'000*	At 31 March 2017 *RMB'000*
0 to 90 days	**44,408**	39,608
91 to 180 days	**2,027**	2,671
Over 180 days	**5,431**	1,754
Trade receivables	**51,866**	44,033
0 to 90 days	**–**	1,075
Bill receivables	**–**	1,075
Total trade and bill receivables	**51,866**	45,108

At 30 September 2017, included in other receivables, there are deposits and advance payment to suppliers of RMB18,660,000 (31 March 2017: RMB13,822,000) in relation to the purchase of natural gas and LPG products, which will be delivered within one year from the end of the reporting period.

11. TRADE AND OTHER PAYABLES

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

	At 30 September 2017 *RMB'000*	At 31 March 2017 *RMB'000*
0 to 90 days	**29,294**	26,886
91 to 180 days	**2,264**	3,473
Over 180 days	**6,073**	5,683
Trade payables	**37,631**	36,042
Advances received from customers for gas connection contracts	**30,477**	14,175
Piped gas customer deposits and other deposit received	**40,360**	44,408
Piped gas income received in advance	**91,754**	71,206
Accrued charges and other payables	**41,128**	50,521
	241,350	216,352

12. CAPITAL COMMITMENTS

	At 30 September 2017 *RMB'000*	At 31 March 2017 *RMB'000*
Capital commitment:		
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Property, plant and equipment	**48,481**	20,143
Prepaid lease payments	**2,051**	2,051
	50,532	22,194

13. CONTINGENT LIABILITIES

At 31 August 2015, Beijing Civigas Co., Ltd. ("**Beijing Civigas**"), a wholly-owned subsidiary of the Company, together with the joint venture partner entered into a guarantee agreement with a bank, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favour of the bank for the loan of RMB100,000,000 granted to Fujian Province An Ran Gas Investment Co., Ltd. ("**Fujian An Ran**") (as borrower), a joint venture of the Group. Details of this transaction are set out in the Company's announcement dated 31 August 2015. Up to 30 September 2017, Fujian An Ran has drawn the whole facility line. In the opinion of the Directors, the fair value of the financial guarantee contracts of the Group are insignificant at initial recognition after taking into consideration the possibility of the default of Fujian An Ran.

BUSINESS REVIEW

During the first half of 2017, with the further promotion of supply-side structural reforms, the economic structure of China was further optimised, and the overall economy continued its steady growth. While focusing on economic development, the Chinese government vigorously promoted the construction of a green ecological society and air pollution management. During the first half of the year, the apparent consumption of natural gas in China reached 114.6 billion cubic metres ("**m^3**"), which represented an increase of approximately 15% over the corresponding period of 2016. The apparent consumption of LPG reached 23,025,900 tons, representing an increase of approximately 20% over the corresponding period of 2016.

During the Period, total revenue from continuing operations of the Group amounted to approximately RMB485 million, representing a year-on-year increase of 39.72% over the corresponding period last year, while profit for the Period from continuing operations was approximately RMB104 million (2016: RMB76 million). Basic and diluted earnings per share from continuing operations were RMB1.31 cents (2016: RMB0.97 cents). The overall gross profit margin of the Group was 24.98% (2016: 28.13%), representing a decrease of 3.15% as compared with the corresponding period last year. The decrease in gross profit margin was mainly attributable to revenue mix change caused by faster growth in the revenue of LPG business.

Piped gas business

During the reporting period, the Group benefited from the gradual use of natural gas by newly-connected household customers and the continued implementation of the "Coal to Gas" project by local governments. The sales of natural gas of the Group recorded satisfactory results. The real estate markets in various cities, in which the gas projects of the Group located, maintained steady growth during the Period, and the piped gas business developed smoothly.

Piped gas business is our main business and our main source of income. During the Period, revenue of approximately RMB216,233,000 was recorded from our piped gas business, representing an increase of RMB29,896,000 or 16.04% over the corresponding period last year, which accounted for approximately 44.63% (2016: 53.73%) of our revenue from continuing operations during the Period. The overall gross profit margin of piped gas business was 25.15% (2016: 24.90%).

Gas connection

During the reporting period, revenue from gas connection construction contracts was approximately RMB49,112,000, representing an increase of RMB14,726,000 or 42.83% over the corresponding period last year. Revenue from gas connection construction contracts represented approximately 22.71% (2016: 18.45%) of the total revenue of the piped gas business. During the reporting period, there was an addition of 17,619 units of household customers and an addition of 561 units of commercial and industrial ("**C/I**") customers. As at 30 September 2017, the accumulated number of connected household customers was 331,570 units; and the accumulated number of connected C/I customers was 6,010 units, representing a growth of 5.61% and 10.30% respectively over the corresponding period last year.

Gas sales

During the reporting period, revenue from gas sales was approximately RMB167,121,000, representing an increase of RMB15,170,000 or 9.98% over the corresponding period last year. The increase was mainly due to the steady increase of gas sales volume and the increase of gas selling prices. Revenue from gas sales accounted for approximately 77.29% (2016: 81.55%) of the total revenue from the piped gas business. Our total piped gas sales achieved approximately 94.33 million m^3, representing a year-on-year increase of 11.07%. Among the total sales, 28.13 million m^3 were sold to household customers, which represented a year-on-year increase of 9.88%; 66.20 million m^3 were sold to C/I customers, which represented a year-on-year increase of 11.58%.

Transportation, distribution and retail of LPG business

During the reporting period, on the basis of the further development of existing market, we continued to develop new markets and new businesses. We have commenced the business of gas tank wholesale and two-way transportation business in certain regions. We increased our profit sources in our original bottled LPG market and also expanded the market influence of the Group.

During the reporting period, sales of LPG was 52,821 tons in total, representing an increase of 54.85% over the corresponding period last year. Total revenue from LPG sales was approximately RMB268,069,000, representing an increase of RMB109,490,000 or 69.04% over the corresponding period last year. During the Period, revenue from transportation, distribution and retail of LPG accounted for approximately 55.32% (2016: 45.73%) of our total revenue from continuing operations. The gross profit margin of LPG business was 24.92% (2016: 31.23%).

Barreled drinking water business

With the improvement of public life quality, the development of barreled drinking water is accelerating. We carried out barreled drinking water business with Tianjin region as the centre and expanded to the peripheral areas, developed new customers, made full use of the existing transportation and customer resources of LPG business, combined with the existing logistics and distribution network, and achieved efficient utilisation. As an additional business, barreled drinking water business continues to create a new profit stream to the Group.

New projects during the reporting period

During the reporting period, we set up 2 new LPG projects. As at 30 September 2017, the Group managed 108 projects in China, which are mainly located in Chongqing, Tianjin, Sichuan, Yunnan, Hunan, Hubei, Jiangxi, Shaanxi, Guizhou, Guangxi and Fujian provinces. In the future, the Group will focus on the business opportunities besides the existing projects. With its well-organised management system, sound operating records and gas source security capability, the Group will continue to expand its businesses and sales volume through various methods.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		Variance
	2017	2016	
Items	***RMB'000***	*RMB'000*	***RMB'000***
Revenue from continuing operations:			
Piped gas business	**216,233**	186,337	**29,896**
Transportation, distribution & retail of LPG business	**268,069**	158,579	**109,490**
Barreled drinking water business	**253**	1,883	**(1,630)**
Total	**484,555**	346,799	**137,756**
Segment results of continuing operations:			
Piped gas business	**21,088**	(508)	**21,596**
Transportation, distribution & retail of LPG business	**9,538**	14,416	**(4,878)**
Barreled drinking water business	**(155)**	1,529	**(1,684)**
Total	**30,471**	15,437	**15,034**
Share of results of associates	**18,508**	8,609	**9,899**
Share of results of joint ventures	**87,407**	75,293	**12,114**
Finance costs	**(5,097)**	(6,364)	**1,267**
Other income and expenses (net)	**(16,181)**	(7,769)	**(8,412)**
Income tax expense	**(11,480)**	(9,201)	**(2,279)**
Profit for the period from continuing operations	**103,628**	76,005	**27,623**
Discontinued operation:			
Profit for the period from discontinued operation	**–**	53,435	**(53,435)**
Profit for the period	**103,628**	129,440	**(25,812)**

Items	For the six months ended 30 September		Variance
	2017	2016	
	RMB'000	*RMB'000*	***RMB'000***
Attributable to owners of the Company:			
Profit from continuing operations	**90,674**	67,037	**23,637**
Profit from discontinued operation	**–**	53,435	**(53,435)**
	90,674	120,472	**(29,798)**
Earnings per share	***RMB***	*RMB*	***RMB***
From continuing and discontinued operations			
Basic and diluted (RMB cents per share)	**1.31 cents**	1.73 cents	**(0.42) cents**
From continuing operations			
Basic and diluted (RMB cents per share)	**1.31 cents**	0.97 cents	**0.34 cents**

Analysis of results	For the six months ended 30 September		Variance
	2017	2016	
	RMB'000	*RMB'000*	***RMB'000***
Profit for the period from continuing operations	**103,628**	76,005	**27,623**
Adjustments for:			
Finance costs	**5,097**	6,364	**(1,267)**
Depreciation and amortisation	**19,902**	17,825	**2,077**
Income tax expense	**11,480**	9,201	**2,279**
Share-based payments	**13,223**	–	**13,223**
Core profit from continuing operations	**153,330**	109,395	**43,935**
Breakdown as follows:			
The Group	**47,415**	25,493	**21,922**
Share of results of associates	**18,508**	8,609	**9,899**
Share of results of joint ventures	**87,407**	75,293	**12,114**
	153,330	109,395	**43,935**

FINANCIAL REVIEW

Liquidity and capital resources

At 30 September 2017, the consolidated financial position of the Group is as follows:

	At 30 September 2017 *RMB'000*	At 31 March 2017 *RMB'000*	Change *RMB'000*
Non-current assets	**1,923,108**	1,805,364	117,744
Current assets	**563,912**	551,794	12,118
Current liabilities	**(497,491)**	(480,157)	(17,334)
Non-current liabilities	**(48,814)**	(50,888)	2,074
Net assets	**1,940,715**	1,826,113	114,602
Equity attributable to owners of the Company	**1,761,094**	1,657,176	103,918
Non-controlling interests	**179,621**	168,937	10,684
Total equity	**1,940,715**	1,826,113	114,602

At 30 September 2017, the bank balances and cash of the Group amounted to approximately RMB402,653,000 (31 March 2017: approximately RMB392,287,000), and the total borrowings amounted to approximately RMB259,039,000 (31 March 2017: approximately RMB260,268,000). The consolidated debt-to-capitalisation ratio, representing the ratio of total borrowings to total borrowings and equity attributable to owners of the Company, was 12.82% (31 March 2017: 13.57%).

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

Borrowing structure

At 30 September 2017, the total borrowings of the Group were approximately RMB259,039,000 (31 March 2017: approximately RMB260,268,000), which mainly comprised domestic bank borrowings denominated in Renminbi of the project companies in China and consideration payable. 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; while the consideration payable represented the balance for the acquisition of LPG and barreled drinking water projects in Tianjin and the accrued interest (calculated by reference to the best lending rate for Hong Kong Dollars quoted by the Hong Kong Bank from time to time) thereon. Further details of the acquisition are set out in the Company's circular dated 25 November 2014. Due to the capital intensive nature of the Group's business, the Group needs to ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. During the Period, the Group yet to settle the consideration payable to the vendor. The consideration payable was due on 10 July 2017, being the sixth business day after the issue of the profit certificate, the overdue interest accrued up to 30 September 2017 was approximately RMB1,771,000. Apart from the borrowings of approximately RMB88,500,000 (31 March 2017: approximately RMB91,500,000) which were secured by certain assets with carrying amount of approximately RMB101,616,000 (31 March 2017: approximately RMB103,074,000), others were unsecured. Short-term borrowings amounted to approximately RMB218,539,000 (31 March 2017: approximately RMB217,768,000), while others were long-term borrowings due after one year.

Capital structure

The long-term capital of the Group comprised equity attributable to owners of the Company and borrowings, which was confirmed by the sound debt-to-capitalisation ratio stated in the section headed "Liquidity and capital resources" above.

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.

Capital commitment

At 30 September 2017, the capital commitment of the Group amounted to approximately RMB50,532,000 (31 March 2017: approximately RMB22,194,000), mainly attributable to running district gas pipelines construction and prepaid lease payments. Please refer to note 12 for details.

Contingent liabilities

At 30 September 2017, save as disclosed in note 13, the Group had no material contingent liabilities.

Employees and remuneration policy

As at 30 September 2017, we had approximately 1,700 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities with the Group, business performance of the Group, profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus, share options, and award shares as rewards for their outstanding performance.

PROSPECTS

The macro-economy of China has achieved steady progress, and economic restructuring has been the main engine. The economic structure is continuously optimised, the resource utilisation rate is constantly improved, and the circular industry is under development. Green traffic and green construction have grown rapidly, and energy-saving and emission reduction are initially taking effect. The tremendous achievements made in energy development of China have created a new situation in the reform of energy development with Chinese characteristics and has provided the Group with a good environment for growth.

Piped gas business

During the reporting period, China successively promulgated some important policies, such as "Opinions on Deepening the Reform of the Oil and Gas System," "Guiding Opinions on Strengthening Gas Distribution Price Regulation," and "Opinions on Acceleration of the Utilisation of Natural Gas." China stressed that it would continue to support the development of the natural gas industry, deepen the reform of the natural gas industry, further promote the marketisation of the natural gas industry, and gradually nurture natural gas to be one of the main energy sources in the modern, clean energy system of China. By 2020, the proportion of natural gas in the primary energy consumption structure will strive to reach approximately 10%, and the underground gas storage will have an effective working volume of 14.8 billion m^3. By 2030, the proportion of natural gas in the primary energy consumption structure will strive to reach approximately 15%, and the underground gas storage will have an effective working volume of more than 35.0 billion m^3.

In the future, the Group will continue to actively utilise the customer resources and service brands of the gas access network to cultivate and focus on customers based on the consolidation of existing market and full development of customer potential, while also raising the number of rights of operation of piped gas. Moreover, the Group will closely monitor the market-oriented reform trends of the domestic natural gas market, and will promptly make corresponding arrangements to meet the new business development opportunities brought about by the reform.

Transportation, distribution and retail of LPG business

LPG is widely used in the field of biotechnology cryogenic extraction, furnace roasting, automobile fuel and residential life due to its low pollution, high heat output, easy transport, stable pressure, simple storage and flexible supply. In recent years, China has vigorously promoted energy revolution and transformation and is establishing a green and diversified energy supply system, while LPG is one of the green clean energy sources. LPG plays an indispensable role for the management of air pollution and urbanisation, and China actively supports the use of LPG. For instance, the State Administration of Taxation released the "Notice on the Policy of Streamlining and Combination of Value-Added Tax Levy Rates" in June 2017, and resolved to adjust the value-added tax rate commencing on 1 July 2017. The value-added tax rates on LPG products were reduced from 13% to 11%, making their prices more competitive. With the continuous transformation of reform achievements into favourable measures, it will effectively reduce the burden on enterprises and help them gain new impetus for development.

The retail network; bottle distribution system and its customer base are the core values of the bottled LPG business and the key factors determining the competitiveness and profitability of the bottled LPG market. We will accelerate and optimise the establishment of retail and distribution network with the support of information technology, explore new business models and actively conduct research on the application of emerging technologies in the field of bottled LPG. We also actively explore business opportunities and operation models in community public service and selectively carry out community public service.

Barreled drinking water business

With the enhancement of people's health and safety awareness, packaged drinking water, including barreled water, has become the main source of drinking water for households. Such market has a huge room for growth. The newly revised "Food Safety Law" is strictly implemented while consumer safety awareness of food is further enhanced. The food regulatory authorities are accelerating the establishment of food safety regulatory system and full traceability system. The Group will expedite the establishment of a quality and safety guarantee system to adapt the characteristics of the drinking water industry and establish a healthy brand image.

Development plan

With the stable growth of the national economy and the steady progress of the market-oriented reform of natural gas and LPG, the Group will continue to develop its existing users and vigorously cooperate with the government to commence "Coal to Gas" business. At the same time, the Group will make use of its competitive edges in operation management, safety management, and brand services to conduct centralised procurement of resources in order to reduce the cost of gas source. The Group is actively expanding its existing businesses and looking for opportunities for development of other new businesses, including but not limited to expand the scale of investment in existing subsidiaries; acquire other businesses; expand its gas stations and to utilise the advantages of distribution system to develop gas fuel, living products, kitchen and cold chain products, it is expected to require relatively large amount of cash. Respective plans have yet to been implemented and the Group will make further announcement(s) as and when appropriate and comply with all applicable requirements under the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period for the six months ended 30 September 2017.

CORPORATE GOVERNANCE

The Company has committed to perform a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles and the code provisions ("**Code Provisions**") as set out in the Code of Corporate Governance Code ("**CG Code**") and Corporate Governance Report contained in Appendix 14 to the Listing Rules, as amended from time to time. As far as the CG Code is concerned, during the period for the six months ended 30 September 2017 and up to the date of this announcement, the Company complies with all aspect of the Code Provisions.

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

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules, as amended from time to time. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the period for the six months ended 30 September 2017.

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the appropriateness and consistent application of significant accounting principles adopted by the Company, financial reporting system, risk management and internal control systems and discussed judgmental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2017.

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

Beijing, 24 November 2017

As at the date of this announcement, the Board comprises five Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Chu Kin Wang Peleus (Deputy Chairman), Mr. Fan Fangyi (Managing Director) and Miss Mo Yunbi, and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.