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 2019

FINANCIAL HIGHLIGHTS

Revenue increased by 48.29% to approximately RMB1,045 million (2018: RMB705 million) which was attributable to the increase in sales volume of piped gas.

Profit for the Period amounted to approximately RMB111.70 million (2018: RMB96.07 million), increased 16.26%.

Basic earnings per share was RMB0.95 cents (2018: RMB0.93 cents).

The Board does not recommend the payment of an interim dividend (2018: nil).

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 2019 ("**Period**"), together with the unaudited comparative figures for the corresponding period in 2018. These interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		(Unaudited) Six months ended 30 September	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**1,044,891**	704,625
Cost of sales and services		**(864,315)**	(560,033)
Gross profit		**180,576**	144,592
Other gains and losses	*4*	**(5,769)**	(3,457)
Other income	*5*	**12,233**	9,535
Finance costs	*6*	**(5,730)**	(4,332)
Selling and distribution expenses		**(72,442)**	(61,370)
Administrative expenses		**(60,290)**	(57,341)
Share of results of associates		**18,667**	13,654
Share of results of joint ventures		**59,786**	65,304
Profit before tax	*7*	**127,031**	106,585
Income tax expense	*8*	**(15,339)**	(10,514)
Profit for the period		**111,692**	96,071
Other comprehensive (expense) income for the period			
Item that will not reclassified subsequently to profit or loss			
– Fair value change on equity instruments at fair value through other comprehensive income ("**FVTOCI**"), net of tax		**(6,957)**	6,577
Total comprehensive income for the period		**104,735**	102,648

		(Unaudited) Six months ended 30 September	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Owners of the Company		**85,145**	83,448
Non-controlling interests		**26,547**	12,623
		111,692	96,071
Total comprehensive income attributable to:			
Owners of the Company		**79,186**	89,716
Non-controlling interests		**25,549**	12,932
		104,735	102,648
Earnings per share	*10*	***RMB***	*RMB*
– basic		**0.95 cents**	0.93 cents
– diluted		**n/a**	n/a

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	**At 30 September 2019 (Unaudited) *RMB'000***	At 31 March 2019 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**806,523**	799,060
Investment properties		**16,190**	16,190
Right-of-use assets		**91,614**	–
Prepaid lease payments		**–**	57,403
Goodwill		**24,576**	20,658
Intangible assets		**23,752**	24,367
Interests in associates		**136,317**	117,650
Interests in joint ventures		**1,221,105**	1,166,112
Deferred tax assets		**6,531**	4,030
Equity instruments at FVTOCI		**34,300**	42,133
Long-term deposits		**19,880**	20,648
		2,380,788	2,268,251
Current assets			
Inventories		**68,981**	46,031
Trade, bills and other receivables and prepayments	*11*	**197,557**	214,000
Contract assets		**13,428**	13,579
Amount due from a joint venture		**15,014**	14,498
Prepaid lease payments		**–**	1,482
Bank balances and cash		**432,176**	441,360
		727,156	730,950
Current liabilities			
Trade and other payables	*12*	**174,966**	191,061
Contract liabilities		**215,127**	173,141
Tax liabilities		**44,913**	39,826
Amount due to an associate		**402**	131
Amount due to a joint venture		**–**	189
Lease liabilities		**6,573**	–
Bank borrowings – due within one year	*13*	**107,490**	128,490
		549,471	532,838
Net current assets		**177,685**	198,112
Total assets less current liabilities		**2,558,473**	2,466,363

	Note	At 30 September 2019 (Unaudited) *RMB'000*	At 31 March 2019 (Audited) *RMB'000*
Capital and reserves			
Share capital		**564,507**	564,507
Reserves		**1,706,899**	1,627,906
Equity attributable to owners of the Company		**2,271,406**	2,192,413
Non-controlling interests		**204,207**	217,595
Total equity		**2,475,613**	2,410,008
Non-current liabilities			
Lease liabilities		**21,644**	–
Bank borrowings – due after one year	*13*	**50,250**	43,750
Deferred tax liabilities		**10,966**	12,605
		82,860	56,355
		2,558,473	2,466,363

NOTES:

1. GENERAL INFORMATION

The Company acts as an investment holding company. The Group is principally engaged in the sales and distribution of fuel gas including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the sales and distribution of cylinder gas and the fast moving consumer goods ("**FMCG**") and food ingredients supply (including the operation of chain supermarkets and convenience stores) businesses in the People's Republic of China (the "**PRC**" or "**China**").

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

2. 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 " **Stock Exchange**").

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Transition and summary of effects arising from initial application of HKFRS 16

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 using the modified retrospective approach with the cumulative effect recognised at the date of initial application, 1 April 2019. The comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(a) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(b) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(c) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of plant and equipment and properties in the PRC were determined on a portfolio basis; and

(d) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8 (b) (ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.35% to 7.20%.

	At 1 April 2019
	RMB'000
Operating lease commitments disclosed as at 31 March 2019	9,646
Lease liabilities discounted at relevant incremental borrowing rates at 1 April 2019	8,313
Analysed as:	
Current portion	3,421
Non-current portion	4,892
	8,313

The carrying amount of right-of-use assets as at 1 April 2019 comprises of right-of-use assets relating to operating leases recognised upon the application of HKFRS 16 of RMB9,847,000 and amount reclassified from prepaid lease payments of RMB58,885,000.

Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB1,482,000 and RMB57,403,000 respectively were reclassified to right-to-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but accounts for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

Transition and summary of effects arising from initial application of HKFRS 16

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Prepaid lease payments	57,403	(57,403)	–
Right-of-use assets	–	68,732	68,732
Current assets			
Trade, bills and other receivables and prepayments	214,000	(1,534)	212,466
Prepaid lease payments	1,482	(1,482)	–
Current liabilities			
Lease liabilities	–	(3,421)	(3,421)
Non-current liabilities			
Lease liabilities	–	(4,892)	(4,892)

Details of changes in reclassification and changes in accounting policies will be set out in the interim report.

3. SEGMENT INFORMATION

Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision makers ("**CODM**"), being the managing director of the Company, in order to allocate resources to the segments and assess their performance.

The Group determines its operating segments based on the internal reports reviewed by the CODM to facilities strategic decision making.

The Group currently organises its operations into three operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely (i) provision of piped gas; (ii) sale and distribution of cylinder gas and (iii) FMCG and food ingredients supply. They represents three major lines of business engaged by the Group. The principal activities of the operating and reportable segments are as follows:

(i) Provision of piped gas – sales of piped gas and construction of gas pipeline networks under gas connection contracts;

(ii) Sales and distribution of cylinder gas – sales and distribution of gas using tank containers to end-user residential household, industrial and commercial ("**C/I**") customers; and

(iii) FMCG and food ingredients supply (formerly known as production and sale of barrelled drinking water) – retail and wholesales of merchandise (including but not limited to rice; meat; fresh food; FMCG and barrelled drinking water) through chain supermarkets and convenience stores.

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

Segment results represents the profit (loss) before tax earned (loss incurred) by each segment without allocation of central administration costs, share of results of associates and joint ventures, certain other income and other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM.

There were no inter-segment sales in the current period (2018: nil).

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

For the six months ended 30 September 2019

	Provision of piped gas *RMB'000*	Sales and distribution of cylinder gas *RMB'000*	FMCG and food ingredient supply *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	**540,622**	**422,806**	**81,463**	**1,044,891**
Segment profit (loss)	**40,736**	**23,055**	**(6,791)**	**57,000**
Unallocated income				**3,100**
Central administration costs				**(5,792)**
Share of results of associates				**18,667**
Share of results of joint ventures				**59,786**
Finance costs				**(5,730)**
Profit before tax				**127,031**
Other segment information				
Amounts included in the measure of segment results:				
Depreciation and amortisation	**17,083**	**8,095**	**4,302**	**29,480**
Unallocated depreciation and amortisation				**718**
Total				**30,198**
(Gain) loss on disposal of property, plant and equipment	**(25)**	**10**	**(30)**	**(45)**
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				**136,317**
Interests in joint ventures				**1,221,105**
Share of results of associates				**18,667**
Share of results of joint ventures				**59,786**

For the six months ended 30 September 2018

	Provision of piped gas *RMB'000*	Sales and distribution of cylinder gas *RMB'000*	FMCG and food ingredient supply *RMB'000*	Total *RMB'000*
Revenue from external customers	279,743	424,712	170	704,625
Segment profit (loss)	16,681	17,162	(127)	33,716
Unallocated income				5,083
Central administration costs				(6,840)
Share of results of associates				13,654
Share of results of joint ventures				65,304
Finance costs				(4,332)
Profit before tax				106,585
Other segment information				
Amounts included in the measure of segment results:				
Depreciation and amortisation	14,817	6,296	27	21,140
Unallocated depreciation and amortisation				489
Total				21,629
Loss on disposal of property, plant and equipment	9	2,754	–	2,763
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				108,089
Interests in joint ventures				1,123,904
Share of results of associates				13,654
Share of results of joint ventures				65,304

The Group's revenue from contracts with customers has been disaggregated as (i) sales and distribution of piped gas and cylinder gas and retail and wholesale of merchandise of RMB993,066,000 (2018: RMB642,036,000) and (ii) gas connection of RMB51,825,000 (2018: RMB62,589,000) for the six months ended 30 September 2019.

Geographical information

The Group's business is principally carried out in the PRC. All the revenue of the Group for both periods are derived from the PRC based on the locations of goods delivered and services provided and the Group's non-current assets are physically located in the PRC. Accordingly, no geographical information is presented.

4. OTHER GAINS AND LOSSES

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
(Gain) loss on disposal of property, plant and equipment	**(45)**	2,763
Gain on disposal of subsidiaries	**(148)**	(230)
Net foreign exchange (gain) loss	**(441)**	924
Impairment loss recognised in respect of		
– trade receivables from contracts with customers	**1,332**	–
– other receivables	**1,526**	–
– property, plant and equipment	**3,545**	–
	5,769	3,457

5. OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Bank interest income	**2,752**	4,750
Dividend income from equity instruments at FVTOCI	**16**	–
Government grant	**2,124**	352
Interest income from loan to a joint venture	**333**	333
Rental income, net	**918**	960
Repair and maintenance services income	**1,871**	828
Sales of gas appliance and materials, net	**2,908**	1,078
Others	**1,311**	1,234
	12,233	9,535

6. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Interest on bank borrowings	**4,975**	4,332
Interest on lease liabilities	**755**	–
	5,730	4,332

7. PROFIT BEFORE TAX

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

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Staff costs including Directors' emoluments:		
Directors' emoluments	**3,331**	3,889
Salaries, allowance and benefits in kind	**60,420**	52,816
Retirement benefits scheme contribution	**7,859**	8,025
	71,610	64,730
Cost of inventories recognised as expenses	**850,016**	523,193
Depreciation of property, plant and equipment	**24,970**	20,278
Depreciation of right-to-use assets	**4,613**	–
Amortisation of intangible assets (included in administrative expense)	**615**	615
Amortisation of prepaid lease payments	**–**	736
Contract cost recognised as expense in respect of gas connection construction contracts	**14,299**	36,840

8. INCOME TAX EXPENSE

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**17,739**	10,308
– under provision in previous periods	**251**	280
Deferred taxation	**(2,651)**	(74)
	15,339	10,514

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

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.

The EIT rates applicable for the Group's PRC subsidiaries ranged from 15% to 25% (31 March 2019: 15% to 25%).

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

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2019 (2018: nil), nor has any dividend has been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	(Unaudited) Six months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to the owners of the Company and for the purpose of basic earnings per share	**85,145**	83,448

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,934,561,203**	8,951,700,263

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both period.

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2019	At 31 March 2019
	RMB'000	*RMB'000*
Trade receivables (net of allowance for credit loss)	**80,431**	93,526
Bill receivables	**3,946**	1,700
Other receivables and deposits	**113,180**	118,774
	197,557	214,000

Included in the balance of trade, bills and other receivables and prepayments are trade receivables with gross carrying amount of RMB86,364,000 (31 March 2019: RMB98,116,000) and allowance for credit losses of RMB5,933,000 (31 March 2019: RMB4,590,000). The Group has a policy of allowing a credit period ranging from 0-180 days to its customers. Longer credit period is also allowed on a case-by-case basis. The following is an aged analysis of trade and bill receivables presented on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	At 30 September 2019	At 31 March 2019
	RMB'000	*RMB'000*
Trade receivables (net of allowance for credit loss)		
0 to 90 days	**75,032**	83,445
91 to 180 days	**1,985**	7,160
Over 180 days	**3,414**	2,921
	80,431	93,526
Bill receivables		
0 to 90 days	**2,946**	1,700
91 to 180 days	**1,000**	–
	3,946	1,700
Deposits paid for purchase of natural gas; cylinder gas; merchandise and construction materials	**62,644**	70,008
Rental and utilities deposits and prepayments	**13,156**	11,811
Other tax recoverable	**10,209**	11,748
Other receivables and deposits	**27,171**	25,207
	113,180	118,774
Total trade, bills and other receivables and prepayments	**197,557**	214,000

12. TRADE AND OTHER PAYABLES

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

	At 30 September 2019 *RMB'000*	At 31 March 2019 *RMB'000*
0 to 90 days	**50,523**	61,051
91 to 180 days	**8,449**	10,984
Over 180 days	**15,814**	8,441
Trade payables	**74,786**	80,476
Piped gas customer deposits	**36,597**	36,795
Amounts due to non-controlling interests of subsidiaries	**10,655**	7,205
Accrued charges and other payables	**52,928**	66,585
	174,966	191,061

13. BANK BORROWINGS

	At 30 September 2019 *RMB'000*	At 31 March 2019 *RMB'000*
Secured bank borrowings	**139,740**	105,240
Unsecured bank borrowings	**18,000**	67,000
	157,740	172,240
Carrying amount repayable:		
Within one year or on demand	**107,490**	128,490
In the second and fifth year, inclusive	**29,000**	20,000
Over five years	**21,250**	23,750
	157,740	172,240

The proceeds were used to finance the capital expenditure and general working capital of the Group. All secured and unsecured bank borrowings are floating rate borrowings of which interest rates are in the range of People's Bank of China plus 0% to 2.85% (31 March 2019: 0% to 1.36%) per annum.

At 30 September 2019, certain assets the Group with aggregate carrying value of approximately RMB227,262,000 (31 March 2019: RMB114,157,000) were pledged as security for secured bank borrowings.

14. CAPITAL COMMITMENTS

	At 30 September 2019 *RMB'000*	At 31 March 2019 *RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment and right-of-use assets contracted for but not provided	**73,381**	84,290

15. CONTINGENT LIABILITIES

Beijing Civigas Co., Ltd. ("**Beijing Civigas**"), a wholly-owned subsidiary of the Company, together with the joint venture partner entered into guarantee agreements with banks, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favour of banks for the loan facility amount of RMB150,000,000 granted to Fujian Province An Ran Gas Investment Co., Ltd. ("**Fujian An Ran**") (as borrower), a joint venture of the Group. Up to 30 September 2019, Fujian An Ran has drawn RMB60,000,000 of the 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 Ra. Accordingly, no value has been recognised in the condensed consolidated financial statements.

16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 8 November 2019, Beijing Zhongmin Zhongfeng Information Technology Co., Ltd. ("**Zhongmin Zhongfeng**") and Beijing Civigas Gas Installation Co., Ltd. ("**Beijing Installation**"), both wholly-owned subsidiaries of the Group, entered the equity transfer agreements with four transferors, all of them are independent third parties of the Group. Pursuant to the equity transfer agreements, Zhongmin Zhonfeng and Beijing Installation conditionally agreed to acquire, and the transferors conditionally agreed to disposed of, an aggregate of 100% equity interest in Tianjin Mutong Technology Co., Ltd. ("**Tianjin Mutong**")(天津市睦通科技股份有限公司)at a total consideration of approximately RMB2,202,000. Tianjin Mutong is a company incorporated in the PRC with limited liability, the issued shares of which are quoted on the over-the-counter trading platform operated by The National Equities Exchange and Quotations Co., Ltd. ("**NEEQ**")(全國中小企業股份轉讓系統有限責任公司)(stock code: 872691.NEEQ). Tianjin Mutong is an enterprise data value-added service provider specialising in big data analysis and software development, including technology development services, system integration services, sales of hardware and software products, and provision of data statistics services. The Directors consider that the acquisition represents a valuable business opportunity for the Group to diversify its businesses. The transaction was completed on 11 November 2019. The Group is in the process of estimating the fair value of identifiable assets and liabilities of Tianjin Mutong with the assistance of an external valuer. As such, the financial impacts are not disclosed in the condensed consolidated financial statements.

FINANCIAL HIGHLIGHTS

Items	For the six months ended 30 September		Variance	
	2019	2018		
	RMB'000	*RMB'000*	***RMB'000***	*%*
Revenue:				
Piped gas business	**540,622**	279,743	**260,879**	**93.26**
Cylinder gas business	**422,806**	424,712	**(1,906)**	**(0.45)**
FMCG and food ingredients supply business	**81,463**	170	**81,293**	**note**
Total	**1,044,891**	704,625	**340,266**	**48.29**
Segment results:				
Piped gas business	**40,736**	16,681	**24,055**	**144.21**
Cylinder gas business	**23,055**	17,162	**5,893**	**34.34**
FMCG and food ingredients supply business	**(6,791)**	(127)	**(6,664)**	**note**
Total	**57,000**	33,716	**23,284**	**69.06**
Share of results of associates	**18,667**	13,654	**5,013**	**36.71**
Share of results of joint ventures	**59,786**	65,304	**(5,518)**	**(8.45)**
Finance costs	**(5,730)**	(4,332)	**(1,398)**	**32.27**
Others	**(2,692)**	(1,757)	**(935)**	**53.22**
Income tax expense	**(15,339)**	(10,514)	**(4,825)**	**45.89**
Profit for the period	**111,692**	96,071	**15,621**	**16.26**
Profit attributable to owners of the Company	**85,145**	83,448	**1,697**	**2.03**
Earnings per share Basic (RMB cents)	**0.95 cents**	0.93 cents	**0.02 cents**	**2.15**

Note: With the acquisition of Chongqing Yubaijia Supermarket Chain Co., Ltd. and Chongqing Zhongmin Ruojia Supply Chain Management Co., Ltd. (formerly known as Chongqing Qiaojiali Supply Chain Management Co., Ltd.) in October 2018, the Group officially launched FMCG and food ingredients supply business, which is to retail and wholesale of merchandise through chain supermarkets and convenience stores (including but not limited to rice, meat, fresh produce, FMCG and barrelled drinking water). The comparative figures for the six months ended 30 September 2018 were only from the production and sale of barrelled drinking water, therefore they are not comparable to that of the current period.

BUSINESS REVIEW

For the six months ended 30 September 2019, the revenue of the Group amounted to approximately RMB1,045 million (2018: RMB705 million), representing an increase of 48.29% as compared with the corresponding period last year, while profit for the Period was approximately RMB111.70 million (2018: RMB96.07 million), representing an increase of 16.26%. Basic earnings per share was RMB0.95 cents (2018: RMB0.93 cents). The overall gross profit margin of the Group was 17.28% (2018: 20.52%), representing a decrease of 3.24 percentage point ("**ppt**") as compared with the corresponding period last year. The decrease in gross profit margin was mainly attributable to the fierce competition among local C/I customers of new piped gas projects. We temporarily adopted more conservative pricing to capture market share and has led to a dilution of overall gross margin of the Group.

Piped gas business

In the first half of 2019, China's economy remained stable in a whole and progressed while maintaining stable. The main macroeconomic indicators remained within a reasonable range. The transformation and upgrading were steadily advanced, and the potential of development continued to increase with an increase in the gross domestic product (GDP) of 6.3%. In the first half of 2019, the apparent consumption of natural gas in China reached approximately 149.5 billion cubic meters ("**m^3**"), representing an increase of approximately 12% over the same period in 2018.

During the Period, benefiting from the further implementation of various natural gas policies, the new and existing residential household and C/I customers have strong demand for gas. The Group seized market development opportunities and achieved rapid business growth. The sales of piped gas achieved good performance, and the piped gas connection business developed steadily.

For the six months ended 30 September 2019, revenue of approximately RMB540,622,000 was recorded from our provision of piped gas business, representing an increase of RMB260,879,000 or 93.26% as compared with the corresponding period last year, which accounted for approximately 51.74% (2018: 39.70%) of our total revenue. The gross profit margin of provision of piped gas business for the Period was 14.68% (2018: 21.30%).

Piped Gas Connection

During the Period, revenue from piped gas connection was approximately RMB51,825,000, representing a decrease of RMB10,764,000 or 17.20% as compared with the corresponding period last year, which represented approximately 9.59% (2018: 22.37%) of the total revenue of the piped gas business. During the Period, there was an addition of 18,955 units of residential household customers and 785 units of C/I customers, respectively. As of 30 September 2019, the accumulated number of connected residential household customers was 422,779 units; and the accumulated number of connected C/I customers was 8,896 units, representing a growth of 9.51% and 16.52%, respectively over last year.

Piped Gas Sales

During the Period, revenue from piped gas sales was approximately RMB488,797,000, representing an increase of RMB271,643,000 or 125.09% as compared with the corresponding period last year. The increase in revenue was mainly due to the Group's active promotion of replacing coal with natural gas, which achieved satisfactory results and the benefit from the continuous growth of the scale of C/I customers in newly developed project as well as the expansion in gas consumption of existing customers. Revenue from piped gas sales accounted for 90.41% (2018: 77.63%) of the total revenue from the piped gas business. Our piped gas sales achieved approximately 238.05 million m^3 (2018: 117.17 million m^3), representing an increase of 103.17%. Among the total sales, 34.85 million m^3 (2018: 30.36 million m^3) were sold to residential household customers, which represented an increase of 14.79%; 203.20 million m^3 (2018: 86.81 million m^3) were sold to C/I customers, which represented an increase of 134.07%.

Cylinder gas business

Based on digging deep into the old markets, the Group continued to develop new markets and new businesses. The business scope of the Group continued to expand and the market share increased steadily. During the Period, sales and distribution of cylinder gas was 89,346 tons (2018: 78,951 tons) in total, representing an increase of 13.17% over the corresponding period of last year. A total sales revenue reached approximately RMB422,806,000, representing a slightly decrease of RMB1,906,000 or 0.45% over the same period last year. The slight decrease in sales of cylinder gas was mainly due to the drop in the average selling price of cylinder gas in some areas, which offset the positive impact from the increase in sales volume. The increase in sales volume was mainly due to the widespread use of the C/I markets served by the Group and the considerable growth of the cylinder gas business in the Hunnan and Guangdong areas. During the Period, revenue from cylinder gas business accounted for approximately 40.46% (2018: 60.27%) of our total revenue. The gross profit margin of cylinder gas business during the Period was 21.56% (2018: 20.03%).

FMCG and food ingredients supply business

The FMCG and food ingredients supply business is the new businesses that the Group began to focus on investment in the second half of 2018. The supply of food ingredients is mainly a one-stop service for the supply of fruits and vegetables, fresh produce, seasoning, dry foods and oil to commercial customers. The supply of FMCG provides goods and services for fixed community residents and mobility customers mainly through the chain of community supermarkets and convenience stores. During the Period, the FMCG and food ingredients supply business realised revenue of approximately RMB81,463,000, accounting for approximately 7.80% of our total revenue. Through combing the loss-making stores, upgrading and adjusting the profit model, adjusting the category structure and improving the fresh-keeping operation capacity, the gross profit margin of the FMCG and food ingredients supply business during the Period has been significantly improved.

Increase/decrease of projects during the Period

The Group disposed one cylinder gas project during the Period. As of 30 September 2019, the Group managed 109 projects in the PRC, mainly in Sichuan, Fujian, Yunnan, Hunan, Tianjin and Chongqing. In the future, the Group will focus on the business opportunities around existing projects. With its excellent management system, good operational records and gas supply capabilities, the Group will continue to expand its presence and sales scale in a variety of ways, and integrate existing resources to maximise resource utilisation.

During the Period, Zhongmin Zhongfeng acquired an aggregate of 78.50% equity interest in 北京中民道廷燃氣股份有限公司 (Beijing Civigas Daoting Gas Co., Ltd.) ("**Beijing Daoting**") (formerly known as 北京光點互動科技股份有限公司 (Beijing Guangdian Interactive Technology Company Limited)) at a total consideration of RMB6,657,000. Beijing Daoting is a company incorporated in the PRC with limited liability, the issued shares of which are quoted on the over-the-counter trading platform operated by the NEEQ (stock code: 871892.NEEQ). Beijing Daoting is principally engaged in the area of software development and information technology consultancy in the PRC. The Directors consider that the acquisition will diversify the business of the Group.

Liquidity and capital resources

At 30 September 2019, the consolidated financial position of the Group is as follows:

	At 30 September 2019	At 31 March 2019	Change
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	**2,380,788**	2,268,251	**112,537**
Current assets	**727,156**	730,950	**(3,794)**
Current liabilities	**(549,471)**	(532,838)	**(16,633)**
Non-current liabilities	**(82,860)**	(56,355)	**(26,505)**
Net assets	**2,475,613**	2,410,008	**65,605**
Equity attributable to owners of the Company	**2,271,406**	2,192,413	**78,993**
Non-controlling interests	**204,207**	217,595	**(13,388)**
Total equity	**2,475,613**	2,410,008	**65,605**
Among those:			
Bank balance and cash	**432,176**	441,360	**(9,184)**
Total borrowings	**(185,957)**	(172,240)	**(13,717)**
Net cash	**246,219**	269,120	**(22,901)**
Consolidated debt-to-capitalisation ratio*	**7.56%**	7.28%	**0.28 ppt**

* Consolidated debt-to-capitalisation ratio is the ratio of total borrowings to total borrowings and equity attributable to owners of the Company.

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

Borrowing Structure

As at 30 September 2019, the total borrowings of the Group were approximately RMB185,957,000 (31 March 2019: approximately RMB172,240,000), which comprised domestic bank borrowings denominated in RMB of the project companies in China and lease liabilities. 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 RMB139,740,000 (31 March 2019: approximately RMB105,240,000) which were secured by certain assets with carrying amount of approximately RMB227,262,000 (31 March 2019: approximately RMB114,157,000), others were unsecured. Short-term borrowings amounted to approximately RMB114,063,000 (31 March 2019: approximately RMB128,490,000), while others were long-term borrowings due after one year. Details of the pledge of assets and capital commitments are set out in notes 13 and 14 respectively.

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 consolidated 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 RMB, there was no significant foreign exchange risk in its operation. We currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, and adopt appropriate measures when necessary.

Capital commitments

Please refer to note 14 for details.

Contingent liabilities

Save as disclosed in note 15, the Group had no material contingent liabilities.

Employees

As at 30 September 2019, we had approximately 5,100 employees (including subsidiaries, associates and joint ventures), most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities, business performance of the Group and profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

PROSPECTS AND OUTLOOK

Looking forward to the second half of the year, China will continue to take the supply-side structural reform as the mainstay to promote high-quality development. It is expected that China's economy will maintain steady growth, which will boost domestic demand for products. At the same time, as China's energy structure is further adjusted, national and local governments have introduced policies that are conducive to natural gas, and domestic demand for natural gas will continue to grow.

Piped gas business

In recent years, the air pollution control policies have been continuously strengthened and the "coal to gas" and "oil to gas" policies have continued to advance. In order to thoroughly implement the spirit of the Sixth and Fourteenth Meetings of the Central Financial and Economic Leading Group, "the Action Plan for Air Pollution Prevention and Control", "the Strategic Action Plan for Energy Development (2014-2020)" and "the 13th Five-Year Plan for Natural Gas Development", the National Development and Reform Commission has issued "Opinions on Accelerating the Promotion of Natural Gas Utilisation", which states that accelerating the use of natural gas and increasing the proportion of natural gas in primary energy consumption is the only way for China to steadily promote the energy consumption revolution and build a clean, low-carbon, safe and efficient modern energy system. It is also a realistic way to control air pollution and actively respond to various ecological and environment issues, such as climate change. It would gradually make natural gas one of the main energy sources of China's modern clean energy system and strive to raise the percentage of natural gas consumption in primary energy mix to around 10% by 2020. The Group will take full advantage of such favorable policies, actively respond to various natural gas promotion policies promulgated by the government, acquire fully excavate potential customers, optimise pipeline operations, improve pipeline transportation efficiency to achieve sustained and rapid growth of pipeline gas business.

Cylinder gas business

The cylinder gas operated by the Group is mainly clean energy such as liquefied natural gas (LNG), liquefied petroleum gas (LPG), and liquefied dimethyl ether (DME). Due to the inherent limitation of piped gas, cylinder gas will be a long-standing complement of piped gas. With the further development of urbanisation and the continuation of environmental governance policies, the target market for cylinder gas will continue to grow. The Group will strive to achieve greater development in the cylinder gas business by continuously expanding its market and improving its operations and management model.

In the future, the Group will ensure the gas supply during the consumption peak to fully cope with heating season. In addition, the Group will fully optimise information construction, gradually improve customer service system and simplify business process so as to enhance the service experience of users.

FMCG and food ingredients supply business

The Group's FMCG and food ingredients supply business is all centered on the daily life. It is aimed at the residents with fixed demand and catering-related merchants. The market demand is stable and sustainable. Due to the demand for better life, community supermarket, with the characteristics of meeting the needs of daily life of the residents, will continue to improve the soft and hard environment and meet the daily demands of the community residents by constantly diversifying qualified products and timely service.

In the future, we will continue to optimise the food ingredients supply chain system and improve the environment of supermarkets and convenience stores and the standard of services. In addition, we will provide better and more convenient services to our customers while ensuring product safety and hygiene. Our corporate brand and image will take firm root among the masses.

Leveraging on the sound industry base and executive capability, the Group will make the best of the operating environment and national policies to develop piped gas and cylinder gas businesses. Meanwhile, motivated by a desire to maximise overall benefit, the Group will improve resource structure, stabilise existing business and explore new business to secure a stable and sustainable development.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

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

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

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules, as amended from time to time. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Period.

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

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

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is required to be published on the websites of the Stock Exchange at www.hkex.com.hk under "Latest Listed Company Information" and the Company at www.681hk.com respectively. The interim report of the Company for the six months ended 30 September 2019 will be dispatched to the shareholders of the Company as soon as possible and will be published on the websites of the Stock Exchange and the Company accordingly.

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

Beijing, 29 November 2019

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 Nonexecutive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.