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 MARCH 2020

FINANCIAL HIGHLIGHT

Revenue of the Group amounted to approximately RMB2,233 million, representing an increase of 14.17% year-on-year.

Profit for the year amounted to approximately RMB217 million, slightly increase of 0.38%.

Basic earnings per share for the year was RMB2.04 cents (2019: RMB1.95 cents).

We do not recommend the payment of a final dividend (2019: 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 March 2020 (the "**Year**") together with the comparative figures for the corresponding year of 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**2,232,600**	1,955,486
Cost of sales and services		**(1,849,905)**	(1,610,332)
Gross profit		**382,695**	345,154
Impairment losses under the expected credit loss ("**ECL**") model, net of reversal	*4*	**(2,538)**	(12,096)
Other gains and losses		**(18,446)**	523
Other income	*5*	**26,921**	27,089
Finance costs	*6*	**(11,440)**	(9,330)
Selling and distribution expenses		**(147,316)**	(143,218)
Administrative expenses		**(122,414)**	(115,384)
Share of results of associates		**26,336**	27,948
Share of results of joint ventures		**108,367**	118,245
Profit before tax		**242,165**	238,931
Income tax expense	*7*	**(25,644)**	(23,227)
Profit for the year	*8*	**216,521**	215,704
Other comprehensive expense for the year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on equity instruments at fair value through other comprehensive income ("**FVTOCI**"), net of tax		**(7,486)**	(2,802)
Fair value change upon reclassification of property, plant and equipment to investment properties		**25**	–
Other comprehensive expense for the year		**(7,461)**	(2,802)
Total comprehensive income for the year		**209,060**	212,902

	NOTE	2020	2019
		RMB'000	RMB'000
Profit for the year attributable to:			
Owners of the Company		**182,629**	174,325
Non-controlling interests		**33,892**	41,379
		216,521	215,704
Total comprehensive income attributable to:			
Owners of the Company		**175,877**	171,248
Non-controlling interests		**33,183**	41,654
		209,060	212,902
Earnings per share	*10*		
– basic		**RMB2.04 cents**	RMB1.95 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	NOTES	**2020** ***RMB'000***	2019 *RMB'000*
Non-current assets			
Property, plant and equipment		**820,866**	799,060
Right-of-use assets		**91,884**	–
Investment properties		**16,780**	16,190
Prepaid lease payments		**–**	57,403
Goodwill		**7,064**	20,658
Intangible assets		**23,138**	24,367
Interests in associates		**126,726**	117,650
Interests in joint ventures		**1,269,685**	1,166,112
Deferred tax assets		**4,274**	4,030
Equity instruments at FVTOCI		**33,745**	42,133
Long-term deposits		**26,952**	20,648
		2,421,114	2,268,251
Current assets			
Inventories		**44,390**	46,031
Trade, bills and other receivables and prepayments	*11*	**175,555**	214,000
Contract assets		**21,007**	13,579
Amount due from a joint venture		**15,310**	14,498
Prepaid lease payments		**–**	1,482
Financial assets at fair value through profit or loss ("**FVTPL**")		**201,942**	–
Bank balances and cash		**276,796**	441,360
		735,000	730,950
Current liabilities			
Trade and other payables	*12*	**201,426**	191,061
Contract liabilities		**165,293**	173,141
Tax liabilities		**41,266**	39,826
Lease liabilities		**6,347**	–
Amount due to an associate		**1,589**	131
Amount due to a joint venture		**–**	189
Bank borrowings – due within one year		**66,700**	128,490
		482,621	532,838
Net current assets		**252,379**	198,112
Total assets less current liabilities		**2,673,493**	2,466,363

	2020	2019
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**564,507**	564,507
Reserves	**1,803,783**	1,627,906
Equity attributable to owners of the Company	**2,368,290**	2,192,413
Non-controlling interests	**207,781**	217,595
Total equity	**2,576,071**	2,410,008
Non-current liabilities		
Bank borrowings – due after one year	**65,000**	43,750
Lease liabilities	**21,556**	–
Deferred tax liabilities	**10,866**	12,605
	97,422	56,355
	2,673,493	2,466,363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to owners of the Company													
	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Deemed contribution	Capital contribution	Investment revaluation reserve	Property valuation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2018	570,574	1,008,573	2,086	92,665	108,606	26,628	7,721	22,385	–	6,738	185,915	2,031,891	181,118	2,213,009
Profit for the year	–	–	–	–	–	–	–	–	–	–	174,325	174,325	41,379	215,704
Fair value change on equity investments at FVTOCI	–	–	–	–	–	–	–	(3,566)	–	–	–	(3,566)	366	(3,200)
Income tax relating to fair value change on equity instruments at FVTOCI	–	–	–	–	–	–	–	489	–	–	–	489	(91)	398
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	(3,077)	–	–	174,325	171,248	41,654	212,902
Shares repurchased and cancelled	(6,067)	(4,578)	–	–	–	–	–	–	–	–	–	(10,645)	–	(10,645)
Appropriations	–	–	–	–	13,046	–	–	–	–	–	(13,046)	–	–	–
Additions relating to acquisition of business	–	–	–	–	–	–	–	–	–	–	–	–	4,955	4,955
Release of other reserve to profit or loss upon disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(81)	–	(81)	–	(81)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(204)	(204)
Dividends paid to non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(23,029)	(23,029)
Capital contribution from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	13,101	13,101
At 31 March 2019 and 1 April 2019	564,507	1,003,995	2,086	92,665	121,652	26,628	7,721	19,308	–	6,657	347,194	2,192,413	217,595	2,410,008
Profit for the year	–	–	–	–	–	–	–	–	–	–	182,629	182,629	33,892	216,521
Fair value change on equity investments at FVTOCI	–	–	–	–	–	–	–	(8,129)	–	–	–	(8,129)	(948)	(9,077)
Income tax relating to fair value change on equity instruments at FVTOCI	–	–	–	–	–	–	–	1,357	–	–	–	1,357	234	1,591
Fair value change upon reclassification of property, plant and equipment to investment properties	–	–	–	–	–	–	–	–	20	–	–	20	5	25
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	(6,772)	20	–	182,629	175,877	33,183	209,060
Appropriations	–	–	–	–	19,298	–	–	–	–	–	(19,298)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	1,072	1,072
Dividends paid to non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(44,069)	(44,069)
At 31 March 2020	564,507	1,003,995	2,086	92,665	140,950	26,628	7,721	12,536	20	6,657	510,525	2,368,290	207,781	2,576,071

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. 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 assesses whether a contract is or contains a lease based on the definition of a lease in accordance with the requirements out in HKFRS 16.

As a lessee

The Group has applied HKFRS16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. 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 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:

i. 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; and

ii. 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 equipment in the PRC was determined on a portfolio basis.

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 4.85% to 7.65%.

The following is the reconciliation of operating lease commitments as at 31 March 2019 to the lease liabilities as at 1 April 2019:

	At 1 April 2019
	RMB'000
Operating lease commitments disclosed as at 31 March 2019	9,646
Add: Lease payments for additional periods	23,364
	33,010
Less: Short term leases and leases with remaining lease term ending on or before 31 March 2020	(3,185)
Less: Total future interest expenses	(5,148)
Lease liabilities discounted at relevant incremental borrowing rates at 1 April 2019	24,677
Analysed as:	
Current portion	4,602
Non-current portion	20,075
	24,677

There is no impact of transition to HKFRS 16 on retained earnings at 1 April 2019.

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

	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	–	85,141	85,141
Current assets			
Trade, bills and other receivables and prepayments	214,000	(1,579)	212,421
Prepaid lease payments	1,482	(1,482)	–
Current liabilities			
Lease liabilities	–	(4,602)	(4,602)
Non-current liabilities			
Lease liabilities	–	(20,075)	(20,075)

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[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[5]
Amendments to HKFRS 3	Definition of a Business[2]
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 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after a date to be determined

[4] Effective for annual periods beginning on or after 1 January 2020

[5] Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the management anticipates that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 "Definition of a Business"

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 April 2020, with early application permitted.

The application of the amendments is not expected to have significant impact on the financial performance of the Group but may affect any future acquisitions of the Group.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

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.

During the year ended 31 March 2019, the Group commenced the business in the FMCG and food ingredients supply along with the acquisition of Chongqing Yubaijia Supermarket Chain Co., Ltd. and Chongqing Zhongmin Ruojia Supply Chain Management Limited (formerly known as Chongqing Qiaojiali Supply Chain Management Co., Ltd.) and it was considered as a new operating and reportable segment by the CODM for the year ended 31 March 2019.

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

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

(2) Sales and distribution of cylinder gas – sales and distribution of gas using tank containers to end-user households, industrial and commercial customers; and

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

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

<u>Segment revenues and results</u>

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

For the year ended 31 March 2020

	Provision of piped gas *RMB'000*	Sales and distribution of cylinder gas *RMB'000*	FMCG and food ingredients supply *RMB'000*	Total *RMB'000*
Segment revenue from external customers	**1,282,839**	**805,537**	**144,224**	**2,232,600**
Segment profit (loss)	**106,807**	**45,130**	**(22,774)**	**129,163**
Unallocated income				**8,746**
Central administration costs				**(19,007)**
Share of results of associates				**26,336**
Share of results of joint ventures				**108,367**
Finance costs				**(11,440)**
Profit before tax				**242,165**

For the year ended 31 March 2019

	Provision of piped gas *RMB'000*	Sales and distribution of cylinder gas *RMB'000*	FMCG and food ingredients supply *RMB'000*	Total *RMB'000*
Segment revenue from external customers	938,968	910,503	106,015	1,955,486
Segment profit (loss)	76,966	47,907	(8,929)	115,944
Unallocated income				9,714
Central administration costs				(23,590)
Share of results of associates				27,948
Share of results of joint ventures				118,245
Finance costs				(9,330)
Profit before tax				238,931

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

The accounting policies of the reportable and operating segments are the same as the Group's 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 derive 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. IMPAIRMENT LOSSES UNDER THE ECL MODEL, NET OF REVERSAL

	2020	2019
	RMB'000	*RMB'000*
Impairment loss, net of reversal		
Trade receivables from contract with customers	**(445)**	(1,348)
Other receivables	**(2,093)**	(10,748)
	(2,538)	(12,096)

5. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**2,665**	9,049
Interest income from financial assets at FVTPL	**5,400**	–
Interest income from loan to a joint venture	**665**	665
Rental income, net	**4,730**	1,803
Repair and maintenance services income	**3,860**	4,977
Sales of gas appliance, net	**5,318**	2,692
Incentive subsidies	**1,104**	4,607
Others	**3,179**	3,296
	26,921	27,089

6. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on bank borrowings	**10,050**	9,330
Interest on lease liabilities	**1,390**	–
	11,440	9,330

7. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**"):		
– Current tax	**28,504**	27,504
– Over provision in prior years	**(2,468)**	(771)
Deferred taxation	**(392)**	(3,506)
	25,644	23,227

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

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

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020	2019
	RMB'000	*RMB'000*
Directors' emoluments	**7,301**	7,621
Other staff costs		
Salaries, allowances and benefits in kind	**127,561**	117,291
Retirement benefits scheme contributions (excluding Directors)	**14,435**	17,095
Total staff costs	**149,297**	142,007
Cost of inventories recognised as expenses	**1,788,045**	1,510,298
Auditor's remuneration	**2,940**	2,567
Depreciation and amortisation		
– Property, plant and equipment	**54,084**	44,371
– Right-of-use assets	**8,044**	–
– Prepaid lease payments	**–**	1,482
– Intangible assets (included in administrative expenses)	**1,229**	1,229
Minimum lease payments under operating leases in respect of premises, equipment and vehicles recognised in profit or loss	**N/A**	14,130
Contract cost recognised as expense in respect of gas connection construction contracts (included in cost of sales)	**61,860**	100,034

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2020 (2019: 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:

Basic earnings per share for the year ended 31 March 2020 and 2019 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.

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company and for the purposes of basic earnings per share	**182,629**	174,325

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,934,561,203**	8,943,154,211

No diluted earnings per share was presented for the years ended 31 March 2020 and 2019 as there was no potential ordinary shares in issue.

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**83,409**	98,117
Bills receivables	**8,789**	1,700
	92,198	99,817
Less: Allowance for credit losses	**(5,036)**	(4,591)
Total trade and bill receivables (net of ECL)	**87,162**	95,226
Deposits paid for purchase of natural gas; cylinder gas; merchandises and construction materials	**37,147**	70,008
Rental and utilities deposits and prepayments	**12,557**	11,811
Other tax recoverable	**14,251**	11,748
Other receivables and deposits	**61,765**	60,441
	125,720	154,008
Less: Allowance for credit losses	**(37,327)**	(35,234)
Total other receivables and prepayments (net of ECL)	**88,393**	118,774
	175,555	214,000

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:

	2020	2019
	RMB'000	*RMB'000*
0 to 90 days	**72,419**	83,445
91 to 180 days	**1,802**	7,160
Over 180 days	**4,152**	2,921
Trade receivables	**78,373**	93,526
0 to 90 days	**3,139**	1,700
91 to 180 days	**5,650**	–
Bills receivables	**8,789**	1,700

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:

	2020	2019
	RMB'000	*RMB'000*
0 to 90 days	**62,132**	61,051
91 to 180 days	**5,868**	10,984
Over 180 days	**14,731**	8,441
Trade payables	**82,731**	80,476
Piped gas customers deposits	**46,822**	36,795
Amounts due to non-controlling interests of subsidiaries	**1,735**	7,205
Accrued charges and other payables	**70,138**	66,585
Total trade and other payables	**201,426**	191,061

13. CAPITAL AND OTHER COMMITMENTS

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

	2020	2019
	RMB'000	*RMB'000*
Carrying amount of:		
Property, plant and equipment	**28,100**	77,341
Right-of-use assets	**6,640**	–
Prepaid lease payments	**–**	6,949
	34,740	84,290

14. PLEDGE OF ASSETS OR RESTRICTIONS ON 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:

	2020	2019
	RMB'000	*RMB'000*
Property, plant and equipment	**209,166**	90,664
Intangible assets – exclusive rights of operation of piped gas	**–**	1,889
Investment properties	**11,300**	11,300
Right-of-use assets	**12,709**	–
Prepaid lease payments	**–**	7,797
Trade receivables	**–**	2,507
	233,175	114,157

Restrictions on assets

In addition, lease liabilities of RMB27,903,000 are recognised with related right-to-use assets of RMB30,579,000 as at 31 March 2020. 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.

15. CONTINGENT LIABILITIES

On 29 September 2019, 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, on proportion of their shareholdings, in favor of the bank for the facility line 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. Details of this transaction are set out in the Company's announcement dated 30 September 2019.

Up to 31 March 2020, Fujian An Ran has drawn RMB80,000,000 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 Ran. Accordingly, no value has been recognised in the consolidated financial statements.

BUSINESS REVIEW

The major results and operational data of the Group for the Year together with the comparative figures for last year are as follows:

	For the year ended 31 March		% increase
	2020	2019	**(decrease)**
	RMB'000	*RMB'000*	
Results			
Revenue	**2,232,600**	1,955,486	14.17
Gross profit	**382,695**	345,154	10.88
Profit for the year	**216,521**	215,704	0.38
Profit for the year attributable to owners of the Company	**182,629**	174,325	4.76
Earnings per share – Basic (RMB cents)	**2.04**	1.95	4.62
Gross profit margin (%)	**17.14%**	17.65%	(0.51) ppt
Net profit margin (%)	**9.70%**	11.03%	(1.33) ppt
Consolidated debt-to-capitalisation ratio (%)	**6.31%**	7.28%	(0.97) ppt
Operational data#			
Number of projects in China (at 31 March)			
– Piped gas	**55**	55	–
– Cylinder gas	**49**	50	(2.00)
– FMCG and food ingredients supply	**5**	5	–
New connected during the year			
– Residential household customers	**173,320**	184,555	(6.09)
– Commercial and industrial ("**C/I**") customers	**6,404**	3,608	77.49
Accumulated number of connected (at 31 March)			
– Residential household customers	**1,899,751**	1,726,431	10.04
– C/I customers	**27,239**	20,835	30.74
Unit of piped gas sold (10,000 cubic metre ("**m^3**"))			
– Residential household customers	**17,980**	16,374	9.81
– C/I customers	**91,252**	77,993	17.00
Unit of cylinder gas sold (tons)	**507,412**	548,725	(7.53)

#: The Group's operational data disclosed above included the data of its subsidiaries, joint ventures and associates.

Analysis of results	For the year ended			
	2020	2019		**% increase**
	RMB'000	*RMB'000*	**Change**	**(decrease)**
Revenue				
Piped gas business	**1,282,839**	938,968	343,871	36.62
Cylinder gas business	**805,537**	910,503	(104,966)	(11.53)
FMCG and food ingredient supply business	**144,224**	106,015	38,209	36.04
Total	**2,232,600**	1,955,486	277,114	14.17
Segment results				
Piped gas business	**106,807**	76,966	29,841	38.77
Cylinder gas business	**45,130**	47,907	(2,777)	(5.80)
FMCG and food ingredient supply business	**(22,774)**	(8,929)	(13,845)	155.06
Total	**129,163**	115,944	13,219	11.40
Share of results of associates	**26,336**	27,948	(1,612)	(5.77)
Share of results of joint ventures	**108,367**	118,245	(9,878)	(8.35)
Finance costs	**(11,440)**	(9,330)	(2,110)	22.62
Other operating expenses	**(10,261)**	(13,876)	3,615	(26.05)
Income tax expenses	**(25,644)**	(23,227)	(2,417)	10.41
Profit for the year	**216,521**	215,704	817	0.38

Revenue

Piped gas business	:	Revenue increased 36.62% year-on-year which was mainly attributable to the contribution from the newly established project in year 2019, increasing the customer bases and the volume of gas sold.
Cylinder gas business	:	Affected by the continued decline in international crude oil prices, the average selling price of cylinder gas has declined; and due to the epidemic, the gas consumption of C/I customers have significantly decreased; and the competition in cylinder gas business is relatively fierce.
FMCG and food ingredient supply business	:	During the Year, we have upgraded the supermarket to increase customers flow and revenue. However, entering the year of 2020, people are faced with an unexpected COVID-19 outbreak which has caused disorders in their lives. The COVID-19 pandemic has caused the slowdown in revenue of FMCG and food ingredient supply business in the first quarter of 2020 due to the reduced customers flow.

Segment results

Piped gas business	:	The increase was mainly due to the increase of volume of natural gas sold and the decrease in the recognition of impairment loss.
Cylinder gas business	:	The segment results shown a decrease due to the increase in operational costs and keen competition.
FMCG and food ingredient supply business	:	After the transformation and upgrading of the supermarket and improving the fresh-keeping operation capacity, the gross profit margin has been improved and operating loss gradually narrowed. The increase in segment loss was mainly attributable to the impairment test assessment at the end of the reporting period and impairment loss of goodwill was recognised due to the effect of unexpected COVID-19 pandemic and for prudent purpose.
Share of results of associates	:	The decrease was mainly owing to the significant reduction in gas consumption of C/I customers due to the epidemic situation and the fierce competition in the cylinder gas business.
Share of results of joint ventures	:	The decrease was mainly due to the increase in impairment recognised under expected credit loss model.
Finance costs	:	The increase was to the inclusion of interest on lease liabilities upon the adoption of HKFRS 16.
Income tax expenses	:	The increase in income tax was mainly due to the increase in profit for the Year.

For the year ended 31 March 2020, revenue from operations of the Group amounted to approximately RMB2,233 million (2019: RMB1,955 million), representing a year-on-year increase of 14.17%, while profit for the Year was approximately RMB217 million (2019: RMB216 million), representing a year-on-year increase of 0.38%. Basic earnings per share was RMB2.04 cents (2019: RMB1.95 cents). The overall gross profit margin of the Group was 17.14% (2019: 17.65%), representing a slight decrease of 0.51 percentage point ("**ppt**") as compared with last year. The decrease in gross profit margin was mainly due to the increase in operating costs.

Piped gas business

The piped gas 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 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 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 business is our main business and our main source of income. During the year ended 31 March 2020, revenue of approximately RMB1,283 million was recorded from our piped gas business, representing a year-on-year increase of RMB344 million or 36.62% over last year, which accounted for approximately 57.46% (2019: 48.02%) of our total revenue. The overall gross profit margin of piped gas business for the Year was 14.49% (2019: 15.60%).

Piped gas connection

During the Year, revenue from piped gas connection was approximately RMB147 million, representing a decrease of RMB32 million or 18.03% over last year. Revenue from piped gas connection represented approximately 11.42% (2019: 19.04%) of the total revenue of the piped gas business. The gross profit margin of piped gas connection fee for the Year was 56.01% (2019: 43.78%). During the Year, our subsidiary companies had an addition of 31,736 units of residential household customers and 1,121 units of C/I customers, respectively. At the end of the reporting period, our subsidiary companies had an accumulated number of connected residential household customers and C/I customers of 435,560 units and 9,232 units respectively, representing a growth of 7.86% and 13.82% over last year. The overall connection rate of the Group's piped gas projects continues to rise, but there is still a gap compared with the average gas connection rate of mature markets in China of 70-80%. It is expected that the number of newly connected residential household customers will increase steadily, bringing the Group a steady increase in gas connection income.

Piped gas sales

During the Year, revenue from piped gas sales was approximately RMB1,136 million, representing an increase of RMB376 million or 49.47% over last year. Revenue from piped gas sales accounted for approximately 88.58% (2019: 80.96%) of the total revenue from the piped gas business. The gross profit margin of piped gas sales was 9.14% (2019: 8.97%). During the Year, our sales volume of piped gas from subsidiary companies was 529.83 million m^3, representing an increase of 49.24% compared to the corresponding period of last year. Among the total sales, 112.25 million m^3 were sold to residential household customers, which represented a year-on-year increase of 9.03%; 417.58 million m^3 were sold to C/I customers, which represented a year-on-year increase of 65.66%. The gas sales volume of residential household customers increased steadily, while the newly added piped gas project in the previous year continued to bring new C/I customer sources and growth impetus, which become the main driving force of the growth of piped gas sales volume.

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 reporting period, we rely on a large cylinder gas services network and high quality customer resources to consolidate the existing sale market and combine with the local market conditions to fully meet a variety of needs for customers' retail and distribution, while developing new customers for expanding the sales market.

For the year ended 31 March 2020, revenue from cylinder gas of the Group reached approximately RMB806 million, representing a decrease of RMB105 million or 11.53% over the corresponding period of last year. Revenue from cylinder gas business accounted for approximately 36.08% (2019: 45.56%) of the Group's total revenue for the Year. The gross profit margin of cylinder gas business was 22.16% (2019: 20.75%). For the year ended 31 March 2020, our subsidiary companies sold 167,374 tons of cylinder gas, representing a slightly increase of 1.50% over the corresponding same period last year. Affected by the continued decline in international crude oil prices, the average selling price of cylinder gas also dropped. In addition, due to the impact of the epidemic, the gas consumption of C/I customers have significantly decreased in the first quarter of 2020 and the competition in cylinder gas business is relatively fierce, these factors offset the new customer sources and growth momentum brought by the newly added cylinder gas projects in last year.

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 ended 31 March 2020, the Group's FMCG and food ingredients supply business realised revenue of approximately RMB144 million (2019: RMB106 million), accounting for approximately 6.46% (2019: 5.42%) of the Group's total revenue for the Year. During the Year, we adjusted the profit model for upgrading existing stores, not only adjusting the category structure, but also improving the fresh-keeping operation capacity. At the same time, we cooperated with the transformation and upgrading of the supermarket, rationally allocated high-quality investment resources, increased investment income and controlled the rigid growth of labour costs. During the Year, the gross profit margin of FMCG and food ingredients supply business has been improved, and operating loss was narrowed. However, due to the unexpected COVID-19 pandemic in the first quarter of year 2020 and for prudent purpose, impairment loss of goodwill of RMB13,594,000 (2019: nil) was recognised at the end of the reporting period and resulted in the increase of segment loss for the Year.

Increase/decrease of projects during the reporting period

During the reporting period, we disposed an unsatisfactory cylinder gas project, and the funds recovered will focus on investing in more economically efficient projects to increase the rate of return on capital.

During the Year, the Group completed the acquisition of an aggregate of 78.50% equity interests in Beijing Civigas Daoting Gas Co., Ltd. (formerly known as Beijing Guangdian Interactive Technology Company Limited) ("**Beijing Daoting**"), a company incorporated in the PRC with limited liability, the issued shares of which are quoted on the 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: 871892.NEEQ). Subsequent to the end of the reporting period, the Group further acquired the remaining 21.50% equity interests in Beijing Daoting from non-controlling interests at an aggregate consideration of approximately RMB1,441,000. Beijing Daoting becomes a wholly-owned subsidiary of the Group. Beijing Daoting become our investment flagship for cylinder gas business pursuant to the Group's restructuring and re-organisation and there is no financial impact on the assets, liabilities and earnings of the Group.

FINANCIAL REVIEW

Liquidity and capital resources

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

At 31 March 2020, the total borrowings of the Group were approximately RMB159,603,000 (2019: 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 RMB113,700,000 (2019: RMB105,240,000) which were secured by certain assets with carrying amount of approximately RMB233,175,000 (2019: RMB114,157,000), others were unsecured. Short-term borrowings amounted to approximately RMB73,047,000 (2019: RMB128,490,000), while others were long-term borrowings due after one year. Details of the capital commitments and pledge of assets are set out in notes 13 and 14 respectively.

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

Beijing Civigas together with the joint venture partner entered into 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 facility line of RMB150 million granted to Fujian An Ran on proportion of their shareholdings in Fujian An Ran. Up to 31 March 2020, Fujian An Ran has drawn RMB80,000,000 of the facility line.

Save as disclosed, as at 31 March 2020, the Group had no material contingent liabilities.

PROSPECTS AND OUTLOOK

In 2019, the global economy went through a synchronised slowdown. The International Monetary Fund further downgraded its expectations for world economic growth by 0.3% to 2.9% for the year, the slowest pace since the global financial crisis of 2008. China-US trade tensions continued to hammer economic growth and heightened risk in the business environment. Key risks to economic growth include the build-up of trade and geopolitical tensions among major economies, greater uncertainty about the direction in which monetary policy adjustments in the developed economies are headed, and high and rising levels of debt in both developed and developing countries. Any of these factors could continue to affect recent improvements in the global economy.

Despite the negative impact of the US tariff increase on the Chinese economy as a result of the trade war, China's GDP grew in line with market expectations at 6.1% in 2019, which marked the lowest annual growth rate in 29 years. Business challenges faced by the Group include competition from direct sales by upstream gas companies, as well as suppliers of alternative energy sources.

The Group formulates corresponding business risk response strategies. While enhancing operational productivity and cost-effectiveness, we will also maintain a cautious and prudent attitude in capital investment. Credit monitoring is also reinforced to minimise the risk of a customer default. Although the gas sales were hit by the new type of pneumonia, it is expected that the business will recover after the industrial output returns to normal in the third quarter of 2020.

Piped gas business

In 2020, China's economic operation was significantly affected by the 2019 COVID-19 pandemic. However, the general trend of steady and stable upturn in the long-term remains unchanged. In respect of the natural gas industry, the "Three-Year Action Plan to Win the Blue Sky Defense War" and the new version of the "Catalogue of Pricing by the Central Government" etc. successively issued by the State Council and the NDRC have all brought strategic opportunities to the natural gas industry of China. According to the reformative thinking of "controlling the middle and easing the two ends" for natural gas price, the reform progress of natural gas marketisation will be immediately started and liberated the market, which will provide more room for the development of natural gas industry. At the same time, with the decline of the natural gas tax rate and the "Notice on the Phrased Measures to Reduce the Cost of Non-residental Gas", the cost of natural gas enterprises will be reduced, thus greatly reducing the burden of enterprises and improving the enterprise expectations and operating efficiency.

Piped gas business is the most important supply method in gas sales. The Group's piped gas business is focused on the construction of city pipeline networks and the end-user terminals construction and use. The development trend of China's natural gas industry remains positive in the future. We will closely follow the national development trend, identify potential users, expand value-added services, continue our efforts to increase sales efficiency, with a view of steadily promoting the development of the pipeline gas business.

Cylinder gas business

Liquefied petroleum gas (LPG), liquefied natural gas (LNG) and liquefied dimethyl ether (DME) are clean energy, generally used for fields including civil and commercial gas, petrochemical raw materials, vehicle fuel and factory fuel. In recent years, technological progress and cost reduction have driven the demand of China's cylinder gas market to increase dramatically. The changes in supply and demand not only ushered another thriving cylinder gas market, but also changed the supply and demand pattern in China. In 2020, the output of cylinder gas will record a steady growth trend.

In recent years, the Group's cylinder gas business, in terms of distribution, has extended from southwest and central-south regions such as Yunnan, Guizhou and Hunan to economically developed regions such as Northern China, Guangdong and Guangxi provinces, and in terms of coverage, has gradually evolved from mainly serving residents and commercial customers to civil, C/I customers with good momentums. In the environment where opportunities and challenges coexist, we will actively explore new development models, further improve the scale and management level of the cylinder gas business, and research the application of emerging technologies in the field of the cylinder gas business to provide customers with better services. In the meantime, we proactively explore new markets to expand the Group's share in the cylinder gas market, thereby creating greater returns to the Group.

FMCG and food ingredients supply business

Consumption is the ultimate demand and the lasting booster of economic growth. China's resident consumption is in an upgrading stage, and the consumption system and mechanism, as well as the consumption environment are being improved. The Group's FMCG operation mainly includes the operation of the chain of community supermarket and convenience stores. Leveraging favorable policies for the development of the Internet and logistics, we will fully explore the needs of community residents, expand the distribution of our community supermarkets and convenience stores according to the needs of community residents when appropriate, improve the service quality, enrich the product varieties and provide one-stop services to consumers.

Software developed by the Group, including the execution information system and supply chain program, have been fully launched, which would improve and expand the sales methods of the FMCG supply business, thus providing more convenient services for residents' lives. In the future, we will gradually expand the distribution and coverage of the FMCG supply business. We will also strengthen our original brand building, so as to shape our high reputation and competitive brands.

The Group's food ingredients supply mainly supplies fruit and vegetables, fresh produce, seasoning, dry foods and oil and other ingredients to commercial users. For the food ingredient supply business, we will also improve the supply chain management and logistics services through making full use of Internet technology, thus ensuring the seamless connection and supervision of food products from the output to the entire link sent to residents, and providing more convenient services and greener food products for residents' lives. Relying on national policies and huge customer needs, we will coordinate the arrangement of different businesses within the Group to enable them promote each other and expand the development of the food ingredients supply business.

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

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

CORPORATE GOVERNANCE PRACTICES

During the Year and up to the date of this announcement, the Company has applied the principles and code provisions contained in the Corporate Governance Code ("**CG Code**") and Corporate Governance Report under Appendix 14 to the Listing Rules (the "**Code Provisions**") as the basis of the Company's corporate governance practices. The Board is of the view that the Company has complied with the Code Provisions set out in the CG Code during the Year and up to the date of this announcement.

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 ended 31 March 2020, including the accounting principles adopted by the Group, with the Company's management.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 ended 31 March 2020 as set out in the announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Deloitte 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 Deloitte on the announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, during the Year and up to the date of this announcement, the Company has maintained the prescribed percentage of public float according to the Listing Rules.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement and annual report of the Company for the year ended 31 March 2020 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

Beijing, 29 June 2020

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.