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 NINE MONTHS ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHT

Revenue of the Group for the 9 Months Reporting Period amounted to approximately RMB1,748 million (the Previous Year: RMB2,233 million).

Profit for the 9 Months Reporting Period amounted to approximately RMB145 million (the Previous Year: RMB217 million).

Basic earnings per share for the 9 Months Reporting Period was RMB1.21 cents (the Previous Year: RMB2.04 cents).

We do not recommend the payment of a final dividend for the 9 Months Reporting Period (the Previous Year: 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 nine months ended 31 December 2020 (the "**9 Months Reporting Period**") together with the comparative figures for the year ended 31 March 2020 (the "**Previous Year**") are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

	NOTES	Nine months ended 31 December 2020 RMB'000	Year ended 31 March 2020 RMB'000 (Restated)
Revenue	4	**1,747,553**	2,232,600
Cost of sales and services		**(1,460,923)**	(1,849,905)
Gross profit		**286,630**	382,695
Impairment losses under the expected credit loss ("**ECL**") model, net of reversal	5	**5,293**	(2,538)
Other gains and losses	6	**(4,900)**	(18,446)
Other income	7	**38,446**	26,921
Finance costs	8	**(7,493)**	(11,440)
Selling and distribution expenses		**(110,674)**	(147,316)
Administrative expenses		**(88,938)**	(122,414)
Share of results of associates		**16,401**	26,336
Share of results of joint ventures		**33,993**	108,367
Profit before tax		**168,758**	242,165
Income tax expense	9	**(24,057)**	(25,644)
Profit for the period/year	10	**144,701**	216,521
Other comprehensive income (expense) for the period/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		**29,561**	(3,136)
Fair value change upon reclassification of property, plant and equipment to investment properties		**–**	25
Other comprehensive income (expense) for the period/year		**29,561**	(3,111)
Total comprehensive income for the period/year		**174,262**	213,410

	NOTE	Nine months ended 31 December 2020 RMB'000	Year ended 31 March 2020 RMB'000 (Restated)
Profit for the period/year attributable to:			
Owners of the Company		**107,906**	182,629
Non-controlling interests		**36,795**	33,892
		144,701	216,521
Total comprehensive income attributable to:			
Owners of the Company		**138,548**	180,227
Non-controlling interests		**35,714**	33,183
		174,262	213,410
Earnings per share	*12*	**RMB**	RMB
– basic		**1.21 cents**	2.04 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	At 31 December 2020 RMB'000	At 31 March 2020 RMB'000 (Restated)	At 1 April 2019 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**869,075**	820,866	799,060
Right-of-use assets		**103,172**	91,884	85,141
Investment properties		**11,100**	16,780	16,190
Goodwill		**9,221**	7,064	20,658
Intangible assets		**22,040**	23,138	24,367
Interests in associates		**121,810**	126,726	117,650
Interests in joint ventures		**1,289,250**	1,269,685	1,166,112
Deferred tax assets		**4,605**	4,274	4,030
Equity instruments at FVTOCI	*13*	**167,780**	132,946	136,216
Long-term deposits		**33,042**	26,952	20,648
		2,631,095	2,520,315	2,390,072
Current assets				
Inventories		**51,587**	44,390	46,031
Trade, bills and other receivables and prepayments	*14*	**223,649**	175,555	212,421
Contract assets		**15,403**	21,007	13,579
Amount due from a joint venture		**–**	15,310	14,498
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	201,942	–
Bank balances and cash		**614,866**	276,796	441,360
		905,505	735,000	727,889
Current liabilities				
Trade and other payables	*15*	**269,907**	201,426	191,061
Contract liabilities		**237,850**	165,293	173,141
Tax liabilities		**45,750**	41,266	39,826
Lease liabilities		**5,596**	6,347	4,602
Amount due to an associate		**46**	1,589	131
Amount due to a joint venture		**–**	–	189
Bank borrowings – due within one year		**77,500**	66,700	128,490
		636,649	482,621	537,440
Net current assets		**268,856**	252,379	190,449
Total assets less current liabilities		**2,899,951**	2,772,694	2,580,521

	At **31 December 2020** *RMB'000*	At 31 March 2020 *RMB'000* (Restated)	At 1 April 2019 *RMB'000* (Restated)
Capital and reserves			
Share capital	**564,507**	564,507	564,507
Reserves	**2,025,692**	1,888,104	1,707,877
Equity attributable to owners of the Company	**2,590,199**	2,452,611	2,272,384
Non-controlling interests	**236,087**	207,781	217,595
Total equity	**2,826,286**	2,660,392	2,489,979
Non-current liabilities			
Bank borrowings – due after one year	**21,916**	65,000	43,750
Lease liabilities	**19,135**	21,556	20,075
Deferred tax liabilities	**32,614**	25,746	26,717
	73,665	112,302	90,542
	2,899,951	2,772,694	2,580,521

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is an exempted company with limited liability incorporated in Bermuda on 13 November 1996. On 24 April 1997, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

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

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

Change of financial year end date

During the current financial period, the financial year end date of the Company was changed from 31 March to 31 December to align with the financial year end date of the Company's principal operating subsidiaries established in the PRC for which their accounts are statutorily required to be prepared with a financial year end date of 31 December. Accordingly, the consolidated financial statements for the current period covers the 9 Months Reporting Period. The corresponding comparative figures shown for the consolidated statement of profit or loss and other comprehensive income and related notes cover a twelve-month period from 1 April 2019 to 31 March 2020 and therefore may not be comparable with amounts shown for the 9 Months Reporting Period.

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

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKFRS 16, COVID-19 Related Rent Concessions

The Group has early applied the Amendment to HKFRS 16, COVID-19 Related Rent Concessions.

For rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs. The Group has early adopted the amendment in the current accounting period. The application has no impact to the opening retained earnings at 1 April 2020. The Group recognised changes in lease payments that resulted from rent concessions of approximately RMB1,208,000 in the profit or loss for the 9 Months Reporting Period.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the Related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

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

3. **SEGMENT INFORMATION**

Information reported to the Group's chief operating decision maker ("**CODM**"), being the managing director of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organisation of the Group.

During the 9 Months Reporting Period, the Group has reorganised its operating segments. The Group currently organises its operations into four operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely (i) piped gas transmission and distribution; (ii) cylinder gas supply; (iii) gas distribution and (iv) FMCG and food ingredients supply. They represent four major lines of business engaged by the Group. The principal activities of the operating and reportable segments are as follows:

(1) Piped gas transmission and distribution (previously "provision of piped gas" segment) – sales of piped gas and construction of gas pipeline networks under gas connection contracts;

(2) Cylinder gas supply (previously "sales and distribution of cylinder gas" segment) – sales and distribution of gas using tank containers to end-user households, industrial and commercial customers;

(3) Gas distribution – sales of natural gas to industrial and commercial customers, which was included in provision of piped gas segment in the Previous Year; and

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

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

In prior years, the Group organised its operations into three operating divisions, which also represented the three operating and reportable 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. The comparative figures in the segment information note have been restated due to the segment reorganisation.

Segment revenues and results

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

For the nine months ended 31 December 2020

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

For the year ended 31 March 2020

	Piped gas transmission and distribution *RMB'000* (Restated)	Cylinder gas supply *RMB'000*	Gas distribution *RMB'000* (Restated)	FMCG and food ingredients supply *RMB'000*	Total *RMB'000* (Restated)
Segment revenue from external customers	730,517	805,537	552,322	144,224	2,232,600
Segment profit (loss)	105,107	45,130	1,700	(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

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

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. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000* (Restated)
Types of goods or services		
Sales of piped gas	**442,859**	583,993
Piped gas connection	**102,049**	146,524
Cylinder gas supply	**575,831**	805,537
Gas distribution	**540,329**	552,322
FMCG and food ingredients supply	**86,485**	144,224
	1,747,553	2,232,600
Timing of revenue recognition		
At point in time	**1,645,504**	2,086,076
Over time	**102,049**	146,524
	1,747,553	2,232,600

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

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

	Nine months ended 31 December 2020	Year ended 31 March 2020
	RMB'000	*RMB'000*
Impairment loss, net of reversal		
Trade receivables from contract with customers	**838**	(445)
Other receivables	**4,455**	(2,093)
	5,293	(2,538)

6. OTHER GAINS AND LOSSES

	Nine months ended 31 December 2020	Year ended 31 March 2020
	RMB'000	RMB'000
Gain (loss) on disposal of property, plant and equipment *(Note)*	**9,534**	(411)
Fair value changes of financial assets at FVTPL	**(1,164)**	1,122
Gain on disposal of subsidiaries	**–**	151
Net foreign exchange (loss) gain	**(3,150)**	746
Fair value loss of investment properties	**(5,680)**	–
Gain on re-measurement of pre-existing interest in a joint venture and an associate	**1,111**	–
Bargain purchase gain on acquisition of subsidiaries	**1,513**	–
Impairment loss recognised in respect of goodwill	**(7,064)**	(13,594)
Premium charged for the National Equities Exchange and Quotations Co., Ltd. ("**NEEQ**") status arising on acquisition	**–**	(6,460)
	(4,900)	(18,446)

Note: Gain on disposal of property, plant and equipment for the 9 Months Reporting Period included gains of approximately RMB10,386,000, which arose from the removal of the Group's pipelines and gas facilities whereby third parties paid compensation sums of approximately RMB17,132,000 in total to the Group for the removal. The gain is determined as the difference between the carrying values of property, plant and equipment being derecognised and amount of compensation sums received from third parties.

7. OTHER INCOME

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000*
Bank interest income	**2,919**	2,665
Interest income from financial assets at FVTPL	**6,415**	5,400
Interest income from loan to a joint venture	**665**	665
Rental income, net	**3,740**	4,730
Covid-19-related rent concessions	**1,208**	–
Repair and maintenance services income	**1,265**	3,860
Sales of gas appliances, net	**9,239**	5,318
Incentive subsidies *(Note)*	**7,870**	1,104
Others	**5,125**	3,179
	38,446	26,921

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

8. FINANCE COSTS

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000*
Interest on bank borrowings	**6,494**	10,050
Interest on lease liabilities	**999**	1,390
	7,493	11,440

9. INCOME TAX EXPENSE

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000*
PRC Enterprise Income Tax ("EIT"):		
– Current tax	**22,029**	28,504
– Under (over) provision in prior years	**331**	(2,468)
Deferred taxation	**1,697**	(392)
	24,057	25,644

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 period/year.

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

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

10. PROFIT FOR THE PERIOD/YEAR

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

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000*
Directors' emoluments	**4,448**	7,301
Other staff costs (excluding directors)		
– Salaries, allowances and benefits in kind	**102,878**	127,561
– Retirement benefits scheme contributions	**3,864**	14,435
Total staff costs	**111,190**	149,297
Cost of inventories recognised as expenses	**1,422,249**	1,788,045
Auditor's remuneration	**1,262**	2,940
Depreciation and amortisation		
– Property, plant and equipment	**39,774**	54,084
– Right-of-use assets	**7,382**	8,044
– Intangible assets	**1,098**	1,229
Contract costs recognised as expense in respect of gas connection construction contracts (included in cost of sales)	**38,674**	61,860

11. DIVIDEND

No dividend was paid or proposed during the 9 Months Reporting Period (the Previous Year: nil), nor has any dividend has been proposed since the end of the 9 Months Reporting Period.

12. EARNINGS PER SHARE

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

Basic earnings per share for the 9 Months Reporting Period and the Previous Year 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 period/year.

	Nine months ended 31 December 2020 *RMB'000*	Year ended 31 March 2020 *RMB'000*
Earnings		
Profit for the period/year attributable to the owners of the Company and for the purposes of basic earnings per share	**107,906**	182,629

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

No diluted earnings per share was presented for the 9 Months Reporting Period and the Previous Year as there was no potential ordinary shares in issue.

13. EQUITY INSTRUMENTS AT FVTOCI

	RMB'000
Balance at 1 April 2019	
As previously reported	42,133
Prior year adjustments *(note 19)*	94,083
As restated	136,216
Addition	689
Fair value change recognised in OCI	(3,959)
Balance at 31 March 2020	132,946
Addition	433
Fair value change recognised in OCI	34,401
Balance at 31 December 2020	167,780

Note: The above investments represent equity interests in certain private entities established in the PRC. These entities are mainly engaged in the manufacturing and sale of glass products, banking, sale and distribution of cylinder gas and gas appliances, sale and distribution of cookware and FMCG and food ingredients supply business. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that these investments are not held for trading and not expected to be sold in the foreseeable future.

14. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 31 December 2020 *RMB'000*	At 31 March 2020 *RMB'000*
Trade receivables	**52,770**	83,409
Bills receivables	**14,974**	8,789
	67,744	92,198
Less: Allowance for credit losses	**(5,728)**	(5,036)
Total trade and bills receivables (net of ECL)	**62,016**	87,162
Deposits paid for purchase of natural gas; cylinder gas; merchandises and construction materials	**83,149**	37,147
Rental and utilities deposits and prepayments	**3,572**	12,557
Other tax recoverable	**5,629**	14,251
Amounts due from non-controlling interests	**36,639**	10,235
Other receivables and deposits	**65,903**	51,530
Total other receivables and prepayments	**194,892**	125,720
Less: Allowance for credit losses	**(33,259)**	(37,327)
Total other receivables and prepayments (net of ECL)	**161,633**	88,393
	223,649	175,555

Trade receivables

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade and bill receivables, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for sales of gas and the respective construction contracts completion dates, as appropriate:

	At 31 December 2020 RMB'000	At 31 March 2020 RMB'000
0 to 90 days	**37,702**	72,419
91 to 180 days	**3,310**	1,802
Over 180 days	**6,030**	4,152
Trade receivables	**47,042**	78,373
0 to 90 days	**6,756**	3,139
91 to 180 days	**4,853**	5,650
Over 180 days	**3,365**	–
Bills receivables	**14,974**	8,789

As at 31 December 2020, included in other receivables and prepayments, are amounts due from non-controlling interests of subsidiaries of approximately RMB30,879,000 (31 March 2020: RMB4,876,000) in relation to the sales of natural gas, cylinder gas and merchandise. Out of the balances, approximately RMB22,630,000 (31 March 2020: nil) has been past due 90 days or more and is not considered as in default as subsequent to 31 December 2020, the non-controlling interests of a subsidiary and the subsidiary of the Company have agreed that such amount due from the non-controlling interests of a subsidiary will be settled by amounts due to non-controlling interests of the subsidiary. The remaining balance of approximately RMB8,249,000 (31 March 2020: RMB4,876,000) is aged 0 to 90 days.

15. TRADE AND OTHER PAYABLES

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

	At 31 December 2020 RMB'000	At 31 March 2020 RMB'000
0 to 90 days	**77,561**	62,132
91 to 180 days	**11,360**	5,868
Over 180 days	**13,346**	14,731
	102,267	82,731

	At 31 December 2020 *RMB'000*	At 31 March 2020 *RMB'000*
Trade payables	**102,267**	82,731
Piped gas customers deposits	**33,478**	46,822
Amounts due to non-controlling interests of subsidiaries *(Note (a))*	**24,895**	1,735
Other tax payables	**23,753**	25,311
Wages and staff benefits	**18,314**	14,649
Retention payables and security deposits received	**23,534**	25,155
Compensation received in advance *(Note (b))*	**16,999**	–
Accrued charges and other payables	**26,667**	5,023
Total trade and other payables	**269,907**	201,426

Notes:

(a) Included in the amounts due to non-controlling interests of subsidiaries approximately RMB23,213,000 (31 March 2020: nil) are of trade nature and approximately RMB1,682,000 (31 March 2020: RMB1,735,000) are unsecured, non-interest bearing and repayable on demand, which is of a non-trade nature.

(b) Compensation received in advance represents amount received from a third party for compensating the removal of the Group's pipelines and gas facilities. The removal has not yet been completed as at the date of this announcement. The carrying values of the related property, plant and equipment at 31 December 2020 are approximately RMB1,762,000.

16. CAPITAL AND OTHER COMMITMENTS

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

	At 31 December 2020 *RMB'000*	At 31 March 2020 *RMB'000*
Carrying amount of:		
Property, plant and equipment	**19,921**	28,100
Right-of-use assets	**11**	6,640
	19,932	34,740

17. PLEDGE OF ASSETS

The Group pledged certain assets to banks to secure certain bank borrowings of the Group. Carrying amounts of the assets pledged were as follows:

	At 31 December 2020	At 31 March 2020
	RMB'000	*RMB'000*
Property, plant and equipment	**87,661**	209,166
Investment properties	**6,200**	11,300
Right-of-use assets	**2,807**	12,709
	96,668	233,175

Restrictions on assets

In addition, lease liabilities of approximately RMB24,731,000 (31 March 2020: RMB27,903,000) are recognised with related right-of-use assets of approximately RMB28,805,000 (31 March 2020: RMB30,579,000) as at 31 December 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.

18. CONTINGENT LIABILITIES

On 29 September 2019, Beijing Civigas Co., Ltd. ("**Beijing Civigas**") 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 December 2020, Fujian An Ran has drawn RMB90,000,000 (31 March 2020: RMB80,000,000) of the facility line. In the opinion of the directors of the Company, 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.

19. PRIOR YEAR ADJUSTMENTS

Fair value of equity instruments at FVTOCI

The prior year's consolidated financial statements of the Group require restatements in relation to adjustments on fair value change on equity instruments at FVTOCI, the related deferred tax liabilities and carrying amounts of equity instruments at FVTOCI. Prior to the application of HKFRS 9 Financial Instruments at 1 April 2018, the unquoted equity investments were classified as available-for-sale ("**AFS**") investments and measured at cost less impairment under HKAS 39 Financial Instruments: Recognition and Measurement. At the date of initial application of HKFRS 9 on 1 April 2018, AFS investments were reclassified to equity instruments at FVTOCI and recognised at their fair values as at the date of transition to HKFRS 9, of which the fair value gains relating to those unquoted equity investments previously carried at cost less impairment under HKAS 39 and the corresponding deferred tax impact were adjusted to investment revaluation reserve, deferred tax liabilities and non-controlling interests as at 1 April 2018. In addition, the impairment loss previously recognised was transferred from retained earnings to investment revaluation reserve at 1 April 2018.

One of the equity instruments at FVTOCI (the "**Investment**"), being an investee which is principally engaged in the business of manufacturing and sale of glass products in the PRC had been fully impaired many years prior to the initial application of HKFRS 9. The full impairment loss could not be reversed by adjusting the carrying amount of such equity investment prior to the adoption of HKFRS 9 even though the investee's operations had improved substantially in the years following when the full impairment loss was recognised by the Group. At the time of the initial application of HKFRS 9 and thereafter, the Investment continued to be carried in the consolidated financial statements at nil carrying amounts, instead of at its fair values at the respective dates. In preparing the consolidated financial statements for the nine-month period ended 31 December 2020, the Group has engaged an independent professional valuer to carry out the valuations of the Investment at the end of the reporting periods for the current and prior period/year. Based on the valuation report, the fair values of the Investment were approximately RMB125,311,000, RMB99,201,000 and RMB94,083,000 as at 31 December 2020, 31 March 2020 and 1 April 2019 respectively. Accordingly, the Group has made prior year adjustments to re-measure such fair values of the Investment.

As a result of the above adjustments, comparative figures have been restated and summarised below. Line items that were not affected by the above adjustments have not been included.

For the year ended 31 March 2020

(i) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	RMB'000
Other comprehensive expense	
Other comprehensive expense for the year, as previously reported	(7,461)
Fair value change on equity instruments at FVTOCI, net of tax	4,350
Other comprehensive expense for the year, as restated	(3,111)

(ii) Consolidated Statement of Financial Position

	At 31 March 2020		
	As previously reported	**Adjustments**	**As restated**
	RMB'000	***RMB'000***	***RMB'000***
Non-current assets			
Equity instruments at FVTOCI	**33,745**	**99,201**	**132,946**
Non-current liabilities			
Deferred tax liabilities	**(10,866)**	**(14,880)**	**(25,746)**
Equity			
Investment revaluation reserve	**12,536**	**78,790**	**91,326**
Retained earnings	**510,525**	**5,531**	**516,056**

	At 1 April 2019		
	As previously reported	Adjustments	As restated
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Equity instruments at FVTOCI	42,133	94,083	136,216
Non-current liabilities			
Deferred tax liabilities	(12,605)	(14,112)	(26,717)
Equity			
Investment revaluation reserve	19,308	74,440	93,748
Retained earnings	347,194	5,531	352,725

Impairment loss previously recognised for the Investment was transferred from retained earnings to investment revaluation reserve. Accordingly, the retained earnings as at 31 March 2020 and 1 April 2019 increased by approximately RMB5,531,000.

The above prior year adjustments have had no impact on the Group's profit and the basic and diluted earnings per share for the Previous Year.

20. EVENTS AFTER THE 9 MONTHS REPORTING PERIOD

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

On 3 November 2020, an indirectly wholly-owned subsidiary of the Company entered into equity transfer agreement to acquire 89.41% equity interest in 北京夜郎廚坊網絡科技股份有限公司 Beijing Ye Lang Chu Fang Network Technology Co., Ltd* ((“**Ye Lang Chu Fang**”) formerly known as 北京紫荊新銳網絡科技股份有限公司 Beijing Zi Jing Xin Rui Network Technology Co., Ltd*) (“**Acquisition**”) from the shareholders of Ye Lang Chu Fang. Ye Lang Chu Fang was established in the PRC with limited liability and principally engaged in the information transmission, software and IT service and the issued shares of which are quoted on the trading platform operated by the NEEQ (stock code: 837863.NEEQ). Before the Acquisition, another indirectly wholly-owned subsidiary of the Company acquired 10.59% equity interest in Ye Lang Chu Fang in August 2020. As at 31 December 2020, the Acquisition had not been completed. The 10.59% equity interest in Ye Lang Chu Fang held by the Group at 31 December 2020 was classified as equity instruments at FVTOCI. 40.33% equity interest in Ye Lang Chu Fang under the Acquisition was completed in January 2021 and together with the 10.59% equity interest already held by the Group as at year end date, the Group obtained control in Ye Lang Chu Fang in January 2021.

The major assets acquired and liabilities recognised at the date of acquisition were property, plant and equipment of approximately RMB612,000, trade and other receivables of approximately RMB3,578,000, bank balances and cash of approximately RMB1,506,000, and trade and other payables of approximately RMB1,167,000. The net assets were approximately RMB4,550,000.

The net cash outflow on the acquisition was approximately RMB651,000, being the cash consideration paid for the acquisition of 40.33% equity interest of approximately RMB2,157,000 and less the cash and cash equivalents acquired of approximately RMB1,506,000.

The goodwill arising on acquisition of Ye Lang Chu Fang would be approximately RMB158,000, being the consideration plus non-controlling interest being 49.08% share of net assets of Ye Lang Chu Fang and fair value of the Group's previously held equity interest in Ye Lang Chu Fang less the fair value of identifiable net assets acquired.

The goodwill arising on acquisition of Ye Lang Chu Fang is determined on a provisional basis as the Group is in the process of completing a valuation to assess the fair values of the identifiable assets acquired and liabilities assumed. The provisional fair values recognised on acquisition as shown above may be adjusted upon the completion of the initial accounting for the business combination during the measurement period, which shall not exceed one year from the acquisition date.

Revenue and loss after tax of Ye Lang Chu Fang for the 9 Months Reporting Period amounted to approximately RMB2,910,000 and RMB2,966,000 respectively.

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

On 12 January 2021, an indirectly wholly-owned subsidiary of the Company namely 重慶犀野實業有限公司 (Chongqing Xiye Industrial Co., Ltd.*, "**Chongqing Xiye**"), 重慶景通犀野實業有限公司 (Chongqing Jingtong Xiye Industrial Co., Ltd.*) ("**Target Company**") and the sole shareholder of Target Company entered into the capital injection agreement, pursuant to which Chongqing Xiye has conditionally agreed to contribute RMB35,000,000 to the Target Company. Upon the completion of the capital injection on 13 January 2021, the Group holds 60.34% of the equity interests in the Target Company which becomes an indirectly non-wholly-owned subsidiary of the Company. The Target Company was established on 22 December 2020 in the PRC with limited liability and is principally engaged in property investment and operation and other related business in Chongqing, the PRC. Details of the transactions are set out in the announcements of the Company dated 12 January 2021, 15 January 2021 and 1 February 2021.

The assets acquired and liabilities recognised and the net assets of Target Company before the capital contribution by Chongqing Xiye were other receivables of RMB23,000,000, representing receivable from the other shareholder of Target Company as capital contribution which was settled by capital injection in the form of land and buildings subsequent to 31 December 2020.

There is no related revenue, profit or loss (before and after tax and exceptional items) recorded in the financial information of the Target Company for the period from the date of establishment (being 22 December 2020) to 31 December 2020.

21. DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Financial Data for the 9 Months Reporting Period (the "**Unaudited Financial Data**"), was neither audited nor agreed with the current auditor of the Company, Fan, Chan & Co. Limited as at the date of its publication, subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between (i) the Unaudited Financial Data and (ii) the audited annual results announcement for the 9 Months Reporting Period. Set forth below are principal details and reasons for the differences in such financial information.

Items for the 9 Months Reporting Period	**Disclosure in this Audited Annual Results Announcement**	**Disclosure in the Unaudited Financial Data Announcement**	**Difference**	*Notes*
	RMB'000	*RMB'000*	*RMB'000*	
Revenue	1,747,553	1,747,553	–	–
Cost of sales and services	(1,460,923)	(1,460,923)	–	–
Gross profit	286,630	286,630	–	–
Impairment losses under the expected credit loss model, net of reversal	5,293	2,031	3,262	*1*
Other gains and losses	(4,900)	(5,211)	311	*2*
Other income	38,446	46,703	(8,257)	*3*
Finance costs	(7,493)	(7,493)	–	–
Selling and distribution expenses	(110,674)	(110,674)	–	–
Administrative expenses	(88,938)	(86,558)	(2,380)	*4*
Share of results of associates	16,401	16,401	–	–
Share of results of joint ventures	33,993	33,993	–	–

Items for the 9 Months Reporting Period	Disclosure in this Audited Annual Results Announcement *RMB'000*	Disclosure in the Unaudited Financial Data Announcement *RMB'000*	Difference *RMB'000*	*Notes*
Profit before tax	168,758	175,822	(7,064)	5
Income tax expense	(24,057)	(24,057)	–	–
Profit for the period	144,701	151,765	(7,064)	5
Other comprehensive income (expense) for the period				
Items that will not be reclassified subsequently to profit or loss:				
Fair value change on equity instruments at FVTOCI, net of tax	29,561	29,561	–	–
Fair value change upon reclassification of property, plant and equipment to investment properties	–	–	–	–
Other comprehensive income (expense) for the period	29,561	29,561	–	–
Total comprehensive income for the period	174,262	181,326	(7,064)	5
Profit for the period attributable to:				
Owners of the Company	107,906	114,970	(7,064)	5
Non-controlling interests	36,795	36,795	–	–
	144,701	151,765	(7,064)	5
Total comprehensive income attributable to:				
Owners of the Company	138,548	145,612	(7,064)	5
Non-controlling interests	35,714	35,714	–	–
	174,262	181,326	(7,064)	5
Earnings per share				
– basic	RMB1.21 cents	RMB1.29 cents	(0.08)	5

At 31 December 2020	Disclosure in this Audited Annual Results Announcement *RMB'000*	Disclosure in the Unaudited Financial Data Announcement *RMB'000*	Difference *RMB'000*	*Notes*
Non-current assets				
Property, plant and equipment	869,075	869,075	–	–
Right-of-use assets	103,172	103,172	–	–
Investment properties	11,100	11,100	–	–
Goodwill	9,221	16,285	(7,064)	*6*
Intangible assets	22,040	22,040	–	–
Interests in associates	121,810	121,810	–	–
Interests in joint ventures	1,289,250	1,289,250	–	–
Deferred tax assets	4,605	4,605	–	–
Equity instruments at FVTOCI	167,780	167,780	–	–
Long-term deposits	33,042	21,791	11,251	*7*
	2,631,095	2,626,908	4,187	*N/A*
Current assets				
Inventories	51,587	51,126	461	*8*
Trade, bills and other receivables and prepayments	223,649	235,360	(11,711)	*9*
Contract assets	15,403	15,403	–	–
Amount due from a joint venture	–	1	(1)	*10*
Financial assets at FVTPL	–	–	–	–
Bank balances and cash	614,866	614,866	–	–
	905,505	916,756	(11,251)	*N/A*
Current liabilities				
Trade and other payables	269,907	267,996	1,911	*11*
Contract liabilities	237,850	237,850	–	–
Tax liabilities	45,750	45,750	–	–
Lease liabilities	5,596	5,596	–	–
Amount due to an associate	46	1,957	(1,911)	*11*
Amount due to a joint venture	–	–	–	–
Bank borrowings – due within one year	77,500	77,500	–	–
	636,649	636,649	–	–
Net current assets	268,856	280,107	(11,251)	*N/A*
Total assets less current liabilities	2,899,951	2,907,015	(7,064)	*5*

At 31 December 2020	Disclosure in this Audited Annual Results Announcement	Disclosure in the Unaudited Financial Data Announcement	Difference	*Notes*
	RMB'000	*RMB'000*	*RMB'000*	
Capital and reserves				
Share capital	564,507	564,507	–	–
Reserves	2,025,692	2,032,756	(7,064)	5
Equity attributable to owners of the Company	2,590,199	2,597,263	(7,064)	5
Non-controlling interests	236,087	236,087	–	–
Total equity	2,826,286	2,833,350	(7,064)	5
Non-current liabilities				
Bank borrowings – due after one year	21,916	21,916	–	–
Lease liabilities	19,135	19,135	–	–
Deferred tax liabilities	32,614	32,614	–	–
	73,665	73,665	–	–
	2,899,951	2,907,015	(7,064)	5

Notes:

1. The difference is due to reclassification of reversal of impairment loss on other receivables from other gains or losses and administrative expenses.
2. The difference is due to 1) reclassification of gain on disposal of property, plant and equipment from other income and 2) increase in impairment loss recognised in respect of goodwill.
3. The difference is due to mainly reclassification of gain on disposal of property, plant and equipment from other income to other gains and losses.
4. The difference is due to mainly reclassification of reversal of impairment loss on other receivables in administration expenses.
5. The difference is due to impairment loss recognised in respect of goodwill.
6. The difference is due to reassessment of provision for impairment loss recognised in respect of goodwill.
7. The difference is due to reclassification of long-term deposits from majority assets of trade, bills and other receivables and prepayments.
8. The difference is reclassification from deposits to inventories.
9. The difference is reclassification from current assets to non-current assets.
10. It is typo error.
11. The difference is due to reclassification from amount due to an associate to trade and other payables.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the 9 Months Reporting Period, revenue from operations of the Group amounted to approximately RMB1,748 million (the Previous Year: RMB2,233 million), while profit for the 9 Months Reporting Period was approximately RMB145 million (the Previous Year: RMB217 million). Basic earnings per share for the 9 Months Reporting Period was RMB1.21 cents (the Previous Year: RMB2.04 cents). The overall gross profit margin of the Group for the 9 Months Reporting Period was approximately 16.40% (the Previous Year: 17.14%), representing an decrease of 0.74 percentage point ("**ppt**") as compared with the Previous Year. The main reason for the decrease in gross profit margin was that the proportion of revenue from gas distribution business with lower gross profit increased compared with the Previous Year, while the proportion of revenue from piped gas transmission and distribution business and cylinder gas supply business with higher gross profit declined.

Piped gas transmission and distribution business

The piped gas transmission and distribution business mainly relies on the gas pipeline which were built by the Group to transport flammable gas fuels to end-users. The Group's piped gas transmission and distribution business is categorised into piped gas connection and piped gas sales. Currently, natural gas is the main gas supply of the Group's piped gas transmission and distribution business. As a clean energy, natural gas can help to improve the environmental pollution problem and simultaneously it has the advantages of safety, high unit heat value and low price. It has become an important development direction of international clean energy.

Piped gas transmission and distribution business is our main business and our main source of income. During the 9 Months Reporting Period, revenue of approximately RMB545 million (the Previous Year: RMB731 million) was recorded from our piped gas transmission and distribution business. The revenue accounted for approximately 31.19% (the Previous Year: 32.72%) of our total revenue. The overall gross profit margin of piped gas transmission and distribution business for the 9 Months Reporting Period was approximately 23.27% (the Previous Year: 25.45%).

Piped gas connection

During the 9 Months Reporting Period, revenue from piped gas connection was approximately RMB102 million (the Previous Year: RMB147 million) and revenue from piped gas connection represented approximately 18.72% (the Previous Year: 20.06%) of the total revenue of the piped gas business. The gross profit margin of piped gas connection fee for the 9 Months Reporting Period was approximately 59.36% (the Previous Year: 56.01%). During the 9 Months Reporting Period, our subsidiary companies had an addition of 34,489 units of residential household customers and 733 units of commercial and industrial customers, respectively. At the end of the 9 Months Reporting Period, our subsidiary companies had an accumulated number of connected residential household customers and commercial and industrial customers of 470,049 units and 9,965 units respectively, representing a growth of approximately 7.92% and 7.94% over the Previous Year, respectively. The decrease in connection revenue was caused by the slowdown in demand from industrial and commercial users and adjustments in connection charges for residential users. The overall connection rate of the Group's piped gas projects continues to rise, it is expected that the number of newly connected residential household customers will increase steadily, bringing the Group a steady increase in piped gas connection income.

Piped gas sales

During the 9 Months Reporting Period, revenue from piped gas sales was approximately RMB443 million (the Previous Year: RMB584 million) and revenue from piped gas sales accounted for approximately 81.28% (the Previous Year: 79.94%) of the total revenue from the piped gas business. The gross profit margin of piped gas sales was approximately 14.95% (the Previous Year: 17.79%). During the 9 Months Reporting Period, our sales volume of piped gas from subsidiary companies was 220.43 million m^3, among the total sales, 74.75 million m^3 (the Previous Year: 112.25 million m^3) were sold to residential household customers; 145.68 million m^3 (the Previous Year: 172.06 million m^3) were sold to commercial and industrial customers. The main reason of decrease in revenue due to the reporting period is less than a year and the impact of the market price of gas. The piped gas sales business of the Group is stable, the newly added piped gas connected commercial and industry customers in the previous years keep positive effect to the Group.

Cylinder gas supply 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 9 Months Reporting Period, while maintaining established customers, we actively developed new users and expanded the sales market.

For the 9 Months Reporting Period, our subsidiary companies sold 139,737 tons of cylinder gas (the Previous Year: 167,374 tons) and the revenue was approximately RMB576 million (the Previous Year: RMB806 million). During the 9 Months Reporting Period, revenue from cylinder gas business accounted for approximately 32.95% (the Previous Year: 36.08%) of our total revenue. The gross profit margin of cylinder gas supply business was approximately 24.60% (the Previous Year: 22.16%). During the 9 Months Reporting Period, the sale volume decreased due to the fact of the reporting period is less than a year. The growth trend in sale volume was generally contributed by the newly added customers.

Gas distribution business

During the 9 Months Reporting Period, our subsidiary companies in the gas distribution business sold a total of 193,068 tons of gas (the Previous Year: 170,438 tons), and realized a total revenue of approximately RMB540 million (the Previous Year: RMB552 million). During the 9 Months Reporting Period compared with the Previous Year, gas sales volume increased by approximately 13.28%, revenue decreased by approximately 2.17%, and gross profit margin decreased by approximately 0.32 percentage points. During the 9 Months Reporting Period, gas distribution business revenue accounted for approximately 30.91% of our total revenue (the Previous Year: 24.74%). The gross profit margin of gas distribution business was approximately 0.77% (the Previous Year: 1.09%). As the Group continued to develop and serve customers, sales volume increased, but due to the impact of gas market conditions, market prices generally fell, resulting in a decline in revenue and gross profit margin.

Fast Moving Consumer Goods ("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 9 Months Reporting Period, the Group's FMCG and food ingredients supply business realised revenue of approximately RMB86.49 million (the Previous Year: RMB144 million), accounting for approximately 4.95% (the Previous Year: 6.46%) of our total revenue. We have been optimizing various sections under FMCG and food ingredients supply business including cost controlling, improving gross profit, the loss has been reduced gradually.

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

Impairment losses under the expected credit loss model, net of reversal, amounted to income approximately RMB5,293,000 (the Previous Year: loss RMB2,538,000), representing an increase approximately RMB7,831,000. The reason was mainly attributable to increase in reversal.

Other Gains and Losses

Other gains and losses for the 9 Months Reporting Period amounted to loss approximately RMB4,900,000 (the Previous Year: loss RMB18,446,000), represented a decrease of approximately RMB13,546,000. Such decrease was mainly due to the significant decrease of impairment loss recognised in respect of goodwill and significant increase of gain on disposal of property, plant equipment during the 9 Months Reporting Period as compared to the Previous Year.

Other Income

Other income for the 9 Months Reporting Period amounted to approximately RMB38,446,000 (the Previous Year: RMB26,921,000), represented an increase of approximately RMB11,525,000. Such increase was mainly due to the increase of sales of gas appliances and incentive subsidies which is related to the Group's operations by the government authorities in the PRC.

Finance Costs

Finance costs for the 9 Months Reporting Period amounted to approximately RMB7,493,000 (the Previous Year: RMB11,440,000), represented a decrease of approximately RMB3,947,000. Such decrease was mainly due to the decrease of interest on borrowings as a result of repayment of borrowing during the 9 Months Reporting Period.

Selling and Distribution expenses

Selling and distribution expenses for the 9 Months Reporting Period amounted to approximately RMB110,674,000 (the Previous Year: RMB147,316,000), representing a decrease of approximately RMB36,642,000, which was mainly attributable to the decrease in revenue.

Administrative Expenses

Administrative expenses for the 9 Months Reporting Period amounted to approximately RMB88,938,000 (the Previous Year: RMB122,414,000), representing a decrease of approximately RMB33,476,000, which was mainly due to the decrease in staff costs, depreciation and cost of inventories.

Share of Results of Associates

Share of results of the associates for the 9 Months Reporting Period amounted to approximately RMB16,401,000 (the Previous Year: RMB26,336,000), represented a decrease of approximately RMB9,935,000. Such decrease was mainly attributable to the decrease in revenue generated by the Company's associates.

Share of Results of Joint Ventures

Share of results of joint ventures for the 9 Months Reporting Period amounted to approximately RMB33,993,000 (the Previous Year: RMB108,367,000), represented a decrease of approximately RMB74,374,000. Such decrease was mainly due to the significant increase of impairment loss recognised in respect of trade receivables by the Company's joint ventures and the decline in connection revenue as well.

Income Tax Expenses

Income tax expenses for the 9 Months Reporting Period amounted to approximately RMB24,057,000 (the Previous Year: RMB25,644,000), represented a decrease of approximately RMB1,587,000. Such decrease was mainly attributable to the decrease in revenue.

Increase/decrease of projects during the 9 Months Reporting Period

(i) On 5 June 2020, 北京中民資合科技有限公司 (Beijing Civigas Zi He Keji Company Limited*, "**Beijing Civigas Zi He**"), an indirect wholly-owned subsidiary of the Group, entered into equity transfer agreements with certain transferors (all of them are independent third parties of the Group). Pursuant to the equity transfer agreements, Beijing Civigas Zi He conditionally agreed to acquire and the transferors conditionally agreed to dispose of an aggregate of 83.75% equity interest in 愉百家(北京)商貿股份有限公司 (Yu Bai Jia (Beijing) Shangmao Company Limited*, "**Yu Bai Jia**"), formerly known as 伯格森(北京)科技股份有限公司 (Bai Ge Sen (Beijing) Keji Company Limited*), at a total consideration of RMB2,763,750 (the "**Acquisition**"). During the current period and before the Acquisition, 北京中民資聯科技有限公司 (Beijing Civigas Zi Lian Keji Company Limited*, "**Beijing Civigas Zi Lian**"), indirect wholly-owned subsidiary of the Group, has acquired 16.25% of Yu Bai Jia at a total consideration of RMB536,250. Yu Bai Jia 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: 870275). Yu Bai Jia is principally engaged in the area of laboratory equipment sales, installation and commissioning, repair and maintenance services; provide laboratory supporting scientific research equipment solutions and testing services; provide laboratory equipment import agency services in the PRC. The Acquisition was completed in June 2020 and the control in Yu Bai Jia was passed to the Group.

* *For identification purpose only*

(ii) On 3 July 2020, 雲南中民燃氣有限公司 (Yunnan Civigas Company Ltd*, "**Yunnan Civigas**"), an indirect wholly owned subsidiary of the Group, entered equity transfer agreements with certain transferors (one of the transferor is 雲南解化中民清潔能源有限公司 (Yunnan Jiehua Civigas Clean Energy Co., Ltd.*, "**Yunnan Jiehua**"), the then joint venture of the Group, it was a related party transaction of disposal of 70% of equity interest thereon with consideration of approximately RMB234,000). Pursuant to the equity transfer agreements, Yunnan Civigas conditionally agreed to acquire and the transferors conditionally agreed to dispose of an aggregate of 100% equity interest in 大理中民燃氣有限公司 (Dali Civigas Company Limited*, "**Dali Civigas**") at a total consideration of RMB334,800. Dali Civigas is a company incorporated in the PRC with limited liability. Dali Civigas is principally engaged in the area of sales and distribution of cylinder gas. The transactions were completed in August 2020 and the control in Dali Civigas was passed to the Group.

(iii) On 27 August 2020, Yunnan Civigas entered equity transfer agreements with certain transferors (all of them are independent third parties of the Group). Pursuant to the equity transfer agreements, Yunnan Civigas conditionally agreed to acquire, and the transferors conditionally agreed to dispose of, an aggregate of 51.00% equity interest in 雲南嘉弘銘新能源科技有限公司 (Yunnan Jiahong Ming Xin Nengyuan Keji Company Limited*, "**Yunnan Jiahong Ming**") at a total consideration of RMB453,000. Yunnan Jiahong Ming is a company incorporated in the PRC with limited liability. Yunnan Jiahong Ming is principally engaged in the area of sales and distribution of cylinder gas. The transactions were completed in September 2020 and the control in Yunnan Jiahong Ming was passed to the Group.

(iv) On 19 August 2020, 貴州中民燃氣有限公司 (Guizhou Civigas Company Limited*, "**Guizhou Civigas**"), an indirect wholly-owned subsidiary of the Group, entered equity transfer agreement with transferor. Pursuant to the equity transfer agreement, Guizhou Civigas conditionally agreed to acquire, and the transferor conditionally agreed to dispose of an aggregate of 30.00% equity interest in 黔南州中民燃氣有限公司 (Qiannan Zhou Civigas Company Limited*, "**Qiannan Civigas**") at a total consideration of RMB1,500,000 (the "**Acquisition**"). Prior to the Acquisition, the Group had 40% equity interest in Qiannan Civigas which was accounted for as an associate of the Group. Qiannan Civigas is a company incorporated in the PRC with limited liability. Qiannan Civigas is principally engaged in the area of sales and distribution of cylinder gas. The transaction was completed in September 2020 and the control in Qiannan Civigas was passed to the Group. On completion of the Acquisition, the Group has 70% equity interest in total in Qiannan Civigas.

(v) On 1 October 2020, Yunnan Civigas, an indirect wholly-owned subsidiary of the Group, entered supplemental agreement with the other shareholder of Yunnan Jiehua that the decisions of relevant activities that significantly affect the return of Yunnan Jiehua are made by majority votes at the board of directors' meeting of Yunnan Jiehua. As the Group holds 51% of equity interest in Yunnan Jiehua and controls the composition of the board of directors, Yunnan Jiehua became the subsidiary of the Group with effect from 1 October 2020. Such change of control did not involve any cash consideration nor change in shareholding.

* *For identification purpose only*

(vi) There was no decrease of project during the 9 Months Reporting Period.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2020, the consolidated financial position of the Group is as follows:

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

Borrowing structure

At 31 December 2020, the total borrowings of the Group were approximately RMB99,416,000 (the Previous Year: RMB131,700,000), which comprised domestic bank borrowings denominated in RMB of the project companies in China. Bank borrowings (in which interest is calculated by reference to the interest rate announced by the People's Bank of China plus certain basis points) are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB79,325,000 (the Previous Year: RMB113,700,000) which were secured by certain assets with carrying amount of approximately RMB96,668,000 (the Previous Year: RMB233,175,000), others were unsecured. Short-term borrowings amounted to approximately RMB77,500,000 (the Previous Year: RMB66,700,000), while others were long-term borrowings due after one year.

Capital structure

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

Foreign exchange risk

As all of our operations are in China and substantially all of its revenue and expenses are denominated in Renminbi, there was no significant foreign exchange risk in its operation. We currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, and adopt appropriate measures when necessary.

Contingent liabilities

Details of contingent liabilities is set out in note 18 of this announcement.

Employees

As at 31 December 2020, we had approximately 5,100 employees (including subsidiaries, associates and joint ventures), most of them were resided in Mainland China. The employees' salaries are determined from time to time with reference to their duties and responsibilities, business performance of the Group and profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

Cooperate to Fight the Epidemic

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

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

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

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

PROSPECTS AND OUTLOOK

Despite the ongoing COVID-19 epidemic and the political and economic situation remaining severe and complex, but the fundamentals for the sustained and stable development of China's natural gas have not changed, and the factors and conditions that support the development of high-quality natural gas maintain increasing.

The "13th Five-Year Plan" period witnessed the complex and changing political and economic situation in the world, and rising deglobalization trade protectionism, which was worsened by the global outbreak of COVID-19 in 2020. However, as a global commodity, natural gas remained an overall loose supply pattern. During the "14th Five-Year Plan" period, China will be committed to the strategic goal of "Gradually Developing Natural Gas as one of Major Energy Sources of China", and be endeavor the deployment of various decisions made by the Party Central Committee on the natural gas industry, as well as the implementation of related policies including "Six Stabilities" and "Six Guarantees". It will also continue to promote the development of high-quality natural gas, and build a comprehensive natural gas security system with safe, stable, and coordinated development.

However, the Group still faces competition caused by direct supply to customers by upstream gas companies and alternative energy suppliers. The Group has formulates corresponding strategies to response to business risks. While improving operational productivity and cost-effectiveness, we will also remain cautious in capital investment and maintain strong credit monitoring to minimize the risk of customer default. Although gas sales have been hit by the COVID-19, business is expected to recover as the industrial output returns to the normal level in the future.

Piped gas business

2020 marked the most extraordinary year in Chinese history. Facing the severe and complex domestic and foreign environment, especially the severe impact of the COVID-19 epidemic, through the joint efforts of the whole country, China has taken the lead in controlling the epidemic, resuming work and production, and achieving positive economic growth. Despite the above, the COVID-19 outbreak had a significant impact on economic and social growth and energy development of China. The natural gas demand registered a significant slowdown.

Throughout the year of 2020, natural gas consumption has maintained a positive growth, industrial gas consumption has gradually recovered from a negative growth to the same level of the corresponding period in 2019, and urban gas consumption has maintained a steady growth. Facing the continuous impact of the COVID-19 epidemic, although China's natural gas industry confronted challenges, the basic conditions and supporting factors that promote the coordinated and stable development of the natural gas industry have not changed, and the overall tone of the sustained and steady development of natural gas industry 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. In light of this, China's natural gas industry still has a good development momentum in the future. The Group will make full use of policy advantages and the healthy development environment of the natural gas industry, maintain existing users, develop new users, and actively expand value-added businesses, thus steadily further promoting the development of piped gas business.

Cylinder gas business

Cylinder gas is a clean, efficient and convenient fuel. As one of the urban gas sources, it has played a pivotal role in optimizing the structure of urban civil fuels, and has achieved obvious economic, social and environmental benefits. Due to the outbreak of the epidemic in 2020, various industries have also been affected to varying degrees. With the resumption of work and production, economic benefits of China are gradually on track of recovery. In recent years, various "Coal to Gas" policies issued by the state have greatly improved the market development environment and prospects of cylinder gas.

In terms of the cylinder gas business, the Group has been committed to the development concept of safety and efficiency, and seeking steady expansion for its market scale in combination with relevant national policies. We will continue to develop, actively explore new development models, further enhance the scale and management level of the cylinder gas business, and study the application of emerging technologies in the cylinder business. While providing customers with better services, we will actively explore new markets to expand the Group's market share in the cylinder gas market, thus creating greater revenue for the Group.

Gas distribution business

Recent years witness consistent national promotion of environmental protection policies such as "Coal to Gas" for environmental governance and increasingly wider and deeper understanding of gas in the market, coupled with the replacement of traditional coal with gas as fuel having been increasingly recognised and accepted in terms of economy and cleanliness, which has led to a continuous increase both in the supply and demand of gas market in China. As both supply and demand are booming, the gas industry has formed a complete industrial chain. Under such environment, the Group has also participated in the gas distribution in the gas circulation field, and conducted gas distribution business, forming a certain scale of business. In the future, the Group will seize the development opportunities of the gas industry and strive to continuously improve the sales volume and revenue of the gas distribution business.

FMCG and food ingredients supply business

In terms of FMCG supply, the Group will further optimize the existing management information system for FMCG supply business, improve operation efficiency, make full use of Internet technology, to provide users with more convenient services and high-quality food. Besides, the Group strictly supervise every link of FMCG supply, to make our food safer and fresher. The further improvement of online consumption during the epidemic has helped to define the development trend of the FMCG supply chain. Guided by national favorable policies, the Group will gradually expand the development of the FMCG supply chain business for large consumer group in China.

In addition, the food ingredients supply business of the Group mainly includes chain community supermarket and chain convenience store. It utilizes the efficiency and easy access of Internet to improve its own services, and strengthens its own brand building through rich resources of big data. Supermarkets and convenience stores integrate consumer groups of community residents and mobile population, fully tap market demand, enrich product supplies, improve sales methods, and enhance service quality. Since the outbreak of the COVID-19 epidemic, while responding to the government's call to ensure supply, quality, and price, we have actively expanded online our business and strived to minimise the impact of the epidemic. With the gradual stabilisation of the epidemic and the recovery of the consumer market, the Group will gradually expand its food ingredients supply business in the future and create a more competitive brand.

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

Throughout the 9 Months Reporting Period 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 9 Months Reporting Period 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 9 Months Reporting Period 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 9 Months Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the 9 Months Reporting Period, including the accounting principles adopted by the Group, with the Company's management.

SCOPE OF WORK OF FAN, CHAN & CO. LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the 9 Months Reporting Period as set out in the announcement have been agreed by the Group's auditor, Fan, Chan & Co. Limited ("**Fan, Chan & Co.**"), to the amounts set out in the Group's audited consolidated financial statements for the 9 Months Reporting Period. The work performed by Fan, Chan & Co. in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Fan, Chan & Co. on the announcement.

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 9 Months Reporting Period 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 9 Months Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange at http://www.hkex.com.hk and the website of the Company at www.681hk.com in due course.

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

Beijing, 23 April 2021

As at the date of this announcement, the Board comprises four Executive Directors namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (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. Cheung Chi Ming.