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**CHINESE PEOPLE HOLDINGS COMPANY LIMITED**

**中民控股有限公司**

*(incorporated in Bermuda with limited liability)* (stock code: 681)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**FINANCIAL HIGHLIGHTS**

Revenue increased approximately by 25.58% to approximately RMB1,258 million (Previous Period: RMB1,001 million) which was attributable to mainly increase in piped gas transmission and distribution business.

Profit for the Period amounted to approximately RMB119.24 million (Previous Period: RMB116.55 million), increased approximately 2.30%.

Basic earnings per share was RMB1.18 cents (Previous Period: RMB1.04 cents).

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of Chinese People Holdings Company Limited (the “**Company**”) is hereby to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (the “**Period**” or the “**Reporting Period**”), together with the unaudited comparative figures for the six months ended from 1 April 2020 to 30 September 2020 (the “**Previous Period**”). These interim results have been reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

		(Unaudited)	
		Six months ended	
		30 June	30 September
		2021	2020
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	1,257,601	1,001,456
Cost of sales and services		<u>(1,071,762)</u>	<u>(817,198)</u>
Gross profit		185,839	184,258
Other gains and losses	4	(9,024)	(1,064)
Other income	5	18,488	20,829
Finance costs	6	(2,932)	(5,627)
Selling and distribution expenses		(73,308)	(71,040)
Administrative expenses		(62,627)	(61,852)
Share of results of associates		9,111	10,814
Share of results of joint ventures		<u>63,820</u>	<u>59,044</u>
Profit before tax	7	129,367	135,362
Income tax expense	8	<u>(10,130)</u>	<u>(18,810)</u>
Profit for the period		<u>119,237</u>	<u>116,552</u>
Other comprehensive (expense) income for the period			
Item that will not reclassified subsequently to profit or loss			
– Fair value change on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax		<u>(5,847)</u>	<u>7,698</u>
Total comprehensive income for the period		<u><u>113,390</u></u>	<u><u>124,250</u></u>

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 June</b>	<b>30 September</b>
		<b>2021</b>	<b>2020</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit for the period attributable to:			
	Owners of the Company	<b>105,701</b>	93,155
	Non-controlling interests	<b>13,536</b>	23,397
		<b><u>119,237</u></b>	<b><u>116,552</u></b>
Total comprehensive income attributable to:			
	Owners of the Company	<b>99,694</b>	100,968
	Non-controlling interests	<b>13,696</b>	23,282
		<b><u>113,390</u></b>	<b><u>124,250</u></b>
Earnings per share			
	– basic	<i>10</i> <b><i>RMB</i></b> <b><u>1.18 cents</u></b>	<i>RMB</i> 1.04 cents
	– diluted	<b><u>n/a</u></b>	<b><u>n/a</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		904,750	869,075
Investment properties		11,100	11,100
Right-of-use assets		100,091	103,172
Goodwill		10,019	9,221
Intangible assets		21,428	22,040
Interests in associates		130,921	121,810
Interests in joint ventures		1,353,070	1,289,250
Deferred tax assets		7,396	4,605
Equity instruments at FVTOCI		160,348	167,780
Long-term deposits		38,078	33,042
		<u>2,737,201</u>	<u>2,631,095</u>
<b>Current assets</b>			
Inventories		43,178	51,587
Trade, bills and other receivables and prepayments	11	312,897	223,649
Contract assets		19,391	15,403
Bank balances and cash		540,369	614,866
		<u>915,835</u>	<u>905,505</u>
<b>Current liabilities</b>			
Trade and other payables	12	276,836	269,907
Contract liabilities		230,457	237,850
Tax liabilities		37,182	45,750
Amount due to an associate		–	46
Lease liabilities		5,397	5,596
Bank borrowings – due within one year	13	70,000	77,500
		<u>619,872</u>	<u>636,649</u>
<b>Net current assets</b>		<u>295,963</u>	<u>268,856</u>
<b>Total assets less current liabilities</b>		<u><u>3,033,164</u></u>	<u><u>2,899,951</u></u>

	<b>At 30 June 2021 (Unaudited) RMB'000</b>	<b>At 31 December 2020 (Audited) RMB'000</b>
<b>Capital and reserves</b>		
Share capital	564,507	564,507
Reserves	<u>2,125,469</u>	<u>2,025,692</u>
<b>Equity attributable to owners of the Company</b>	<b>2,689,976</b>	2,590,199
<b>Non-controlling interests</b>	<u>265,685</u>	<u>236,087</u>
<b>Total equity</b>	<u>2,955,661</u>	<u>2,826,286</u>
<b>Non-current liabilities</b>		
Lease liabilities	19,356	19,135
Bank borrowings – due after one year	13 25,841	21,916
Deferred tax liabilities	<u>32,306</u>	<u>32,614</u>
	<u>77,503</u>	<u>73,665</u>
	<u><b>3,033,164</b></u>	<u><b>2,899,951</b></u>

## NOTES:

### 1. GENERAL INFORMATION

Chinese People Holdings Company Limited (the “**Company**”) is incorporated and domiciled in Bermuda as an exempted company with limited liability 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 acts as an investment holding company. The Group is principally engaged in (i) piped gas transmission and distribution including the provision of piped gas, construction of gas pipelines and the operation of city gas pipeline network, (ii) cylinder gas supply, (iii) distribution of gas and (iv) the fastmoving consumer goods (“**FMCG**”) and food ingredients supply businesses including the operation of chain stores including supermarkets 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 unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

#### **Change of Financial Year End Date in 2020 Annual Report of the Company**

The financial year end date of the Company was changed from 31 March to 31 December in year 2020 to align with the financial year end date of the Company’s principal operating subsidiaries established in China for which their accounts are statutorily required to be prepared with a financial year end date of 31 December. Accordingly, the current year 2021 of the condensed consolidated financial statements for the current period covers a six months period from 1 January 2021 to 30 June 2021 (the “**Period**” or the “**Reporting Period**”). The corresponding comparative figures shown for the condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a six-month period from 1 April 2020 to 30 September 2020 (the “**Previous Period**”) and therefore may not be comparable with amounts shown for the Reporting Period.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Other than changes in accounting policies resulting from application of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the nine months ended 31 December 2020.

These condensed consolidated financial statements should be read in conjunction with the 2020 consolidated financial statements for the nine months ended 31 December 2020.

### **Application of new and revised HKFRSs**

The HKICPA has issued the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) which are effective for accounting periods beginning on or after 1 January 2021:

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

The adoption of the above new and revised HKFRSs has no material impact on the Group’s financial position and financial performance for the current and/or prior periods and/or on the disclosure set out in the condensed consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts and the Related Amendments	1 January 2023
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022

The directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the Group's operations in the foreseeable future.

### 3. SEGMENT INFORMATION

#### Operating segments

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.

Since 1 April 2020, the Group has been organised 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 businesses engaged by the Group. The principal activities of the operating and reportable segments are as follows:

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) FMCG and food ingredients supply – wholesales and retail of merchandise (including but not limited to rice; meat; fresh food and FMCG) through supermarket and convenience stores.

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

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

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

There were no inter-segment sales in the Period (Previous Period: nil).

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

**For the six months ended 30 June 2021**

	Piped gas transmission and distribution <i>RMB'000</i>	Cylinder gas supply <i>RMB'000</i>	Gas distribution <i>RMB'000</i>	FMCG and food ingredients supply <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	<u>433,026</u>	<u>440,210</u>	<u>332,067</u>	<u>52,298</u>	<u>1,257,601</u>
Segment profit (loss)	<u>56,225</u>	<u>9,286</u>	<u>556</u>	<u>(5,339)</u>	60,728
Unallocated income					1,474
Central administration costs					(2,834)
Share of results of associates					9,111
Share of results of joint ventures					63,820
Finance costs					<u>(2,932)</u>
Profit before tax					<u>129,367</u>
<b>Other segment information</b>					
Amounts included in the measure of segment results:					
Depreciation and amortisation	18,483	8,919	498	1,732	29,632
Unallocated depreciation and amortisation					<u>893</u>
Total					<u>30,525</u>
Loss on disposal of property, plant and equipment	58	411	-	60	<u>529</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results:</b>					
Interests in associates					130,921
Interests in joint ventures					1,353,070
Share of results of associates					9,111
Share of results of joint ventures					<u>63,820</u>

**For the six months ended 30 September 2020**

	Piped gas transmission and distribution <i>RMB'000</i>	Cylinder gas supply <i>RMB'000</i>	Gas distribution <i>RMB'000</i>	FMCG and food ingredients supply <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	<u>299,567</u>	<u>345,746</u>	<u>306,971</u>	<u>49,172</u>	<u>1,001,456</u>
Segment profit (loss)	<u>45,744</u>	<u>23,510</u>	<u>415</u>	<u>(3,907)</u>	65,762
Unallocated income					9,641
Central administration costs					(4,272)
Share of results of associates					10,814
Share of results of joint ventures					59,044
Finance costs					<u>(5,627)</u>
Profit before tax					<u>135,362</u>
<b>Other segment information</b>					
Amounts included in the measure of segment results:					
Depreciation and amortisation	17,998	8,555	532	3,482	30,567
Unallocated depreciation and amortisation					<u>1,407</u>
Total					<u>31,974</u>
(Gain) loss on disposal of property, plant and equipment	(68)	50	–	(97)	<u>(115)</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results:</b>					
Interests in associates					135,373
Interests in joint ventures					1,328,730
Share of results of associates					10,814
Share of results of joint ventures					<u>59,044</u>

The Group's revenue from contracts with customers has been disaggregated as (i) piped gas transmission and distribution (without gas connection), cylinder gas supply, gas distribution and FMCG and food ingredients supply of approximately RMB1,195,041,000 (Previous Period: RMB945,912,000) and (ii) gas connection of approximately RMB62,560,000 (Previous Period: RMB55,544,000) for the six months ended 30 June 2021.

## Geographical information

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

## Information about major customers

No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for the Reporting Period and the Previous Period.

## 4. OTHER GAINS AND LOSSES

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	30 September
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss) gain on disposal of property, plant and equipment	(529)	115
Net foreign exchange loss	(214)	(562)
Loss on remeasurement of pre-existing interest in an associate to acquisition date fair value	–	(168)
Impairment loss, net of reversal		
– trade receivables from contracts with customers	(180)	(449)
– other receivable	(8,101)	–
	<b>(9,024)</b>	<b>(1,064)</b>

## 5. OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Bank interest income	<b>1,478</b>	3,686
Government grant	<b>1,306</b>	265
Gain on bargain purchase of subsidiaries	<b>–</b>	1,952
Rental income, net	<b>3,154</b>	1,153
Repair and maintenance services income	<b>1,428</b>	1,608
Sales of gas appliance and materials, net	<b>6,267</b>	8,775
Others	<b>4,855</b>	3,390
	<b>18,488</b>	<b>20,829</b>

## 6. FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on bank borrowings	<b>2,641</b>	4,924
Interest on lease liabilities	<b>291</b>	703
	<b>2,932</b>	<b>5,627</b>

## 7. PROFIT BEFORE TAX

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Staff costs including Directors' emoluments:		
Directors' emoluments	1,826	2,878
Salaries, allowance and benefits in kind	70,663	58,908
Retirement benefits scheme contribution	7,773	5,413
	<b>80,262</b>	<b>67,199</b>
Cost of inventories recognised as expenses	1,053,154	805,178
Depreciation of property, plant and equipment	26,165	27,308
Depreciation of right-to-use assets	3,748	4,051
Amortisation of intangible assets (included in administrative expense)	612	615
Contract cost recognised as expense in respect of gas connection construction contracts	<b>18,608</b>	<b>12,020</b>

## 8. INCOME TAX EXPENSE

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
PRC Enterprise Income Tax ("EIT")		
– current tax	6,572	18,923
– under provision in previous periods	459	–
Deferred taxation	<b>3,099</b>	<b>(113)</b>
	<b>10,130</b>	<b>18,810</b>

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

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

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

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

### **Income tax credit for small-scaled minimal profit enterprise**

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

## **9. DIVIDEND**

No dividend was paid or proposed during the six months ended 30 June 2021 (Previous Period: 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:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	30 September
	<b>2021</b>	2020
	<b>RMB’000</b>	RMB’000
<b>Earnings</b>		
Profit for the period attributable to the owners of the Company and for the purpose of basic earnings per share	<b>105,701</b>	93,155
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>8,934,561,203</b>	8,934,561,203

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

\* For identification purpose only

## 11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At <b>30 June</b> <b>2021</b> <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade receivables (net of allowance for credit loss)	95,572	47,042
Bill receivables	20,212	14,974
Other receivables, deposits and prepayments	<u>197,113</u>	<u>161,633</u>
	<u><b>312,897</b></u>	<u>223,649</u>

Included in the balance of trade, bills and other receivables and prepayments are trade receivables with gross carrying amount of approximately RMB101,480,000 (31 December 2020: RMB52,770,000) and allowance for credit losses of approximately RMB5,908,000 (31 December 2020: RMB5,728,000). 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 presented on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	At <b>30 June</b> <b>2021</b> <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade receivables (net of allowance for credit loss)		
0 to 90 days	79,491	37,702
91 to 180 days	10,574	3,310
Over 180 days	<u>5,507</u>	<u>6,030</u>
	<u>95,572</u>	<u>47,042</u>
Bill receivables		
0 to 90 days	12,081	6,756
91 to 180 days	7,931	4,853
Over 180 days	<u>200</u>	<u>3,365</u>
	<u>20,212</u>	<u>14,974</u>

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Deposits paid for purchase of natural gas; cylinder gas; merchandise and construction materials	87,126	83,149
Rental and utilities deposits and prepayments	9,463	3,572
Other tax recoverable	3,146	5,629
Amounts due from non-controlling interest	45,943	36,639
Other receivables and deposits	92,795	65,903
	<u>238,473</u>	<u>194,892</u>
	354,257	256,908
Less: Allowance for credit losses	<u>(41,360)</u>	<u>(33,259)</u>
Total trade, bills and other receivables and prepayments	<u><u>312,897</u></u>	<u><u>223,649</u></u>

## 12. TRADE AND OTHER PAYABLES

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
0 to 90 days	89,856	77,561
91 to 180 days	4,883	11,360
Over 180 days	21,186	13,346
	<u>115,925</u>	<u>102,267</u>
Trade payables	115,925	102,267
Piped gas customer deposits	5,398	33,478
Amounts due to non-controlling interests of subsidiaries	19,743	24,895
Accrued charges and other payables	135,770	109,267
	<u>276,836</u>	<u>269,907</u>
Total trade and other payables	<u><u>276,836</u></u>	<u><u>269,907</u></u>

### 13. BANK BORROWINGS

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Secured bank borrowings	58,750	79,325
Unsecured bank borrowings	37,091	20,091
	<u>95,841</u>	<u>99,416</u>
Carrying amount repayable:		
Within one year or on demand	73,925	77,500
In the second and fifth year, inclusive	20,000	20,000
Over five years	1,916	1,916
	<u>95,841</u>	<u>99,416</u>

All secured and unsecured bank borrowings are floating rate borrowings of which interest rates are in the range of People's Bank of China base rate plus 0% to 0.15% (31 December 2020: 0% to 0.15%) per annum.

At 30 June 2021, certain assets of the Group with aggregate carrying value of approximately RMB74,272,000 (31 December 2020: RMB96,668,000) were pledged as security for secured bank borrowings.

### 14. CAPITAL COMMITMENTS

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Carrying amount of:		
Property, plant and equipment and right-of-use assets	13,597	19,932

## **15. 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 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.

Such guarantee agreement was expired during the six months ended 30 June 2021. Accordingly, there was no contingent liabilities as at 30 June 2021.

## **16. EVENT AFTER THE END OF THE REPORTING PERIOD**

There was no significant event took place subsequent to the end of the reporting date.

## **CHANGE OF FINANCIAL YEAR END DATE FROM LAST FINANCIAL YEAR**

From the last financial year ended 31 December 2020, 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 China for which their accounts are statutorily required to be prepared with a financial year end date of 31 December. Accordingly, the unaudited condensed consolidated financial statements for the current period covers the six months period from 1 January 2021 to 30 June 2021 (the “**Period**” or the “**Reporting Period**”). The corresponding comparative figures shown for the condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the six months period from 1 April 2020 to 30 September 2020 (the “**Previous Period**”) and therefore may not be comparable with figures shown for the Reporting Period.

## **BUSINESS REVIEW**

For the six months ended 30 June 2021, the revenue of the Group amounted to approximately RMB1,258 million (the Previous Period: RMB1,001 million), representing an increase of approximately 25.58% as compared with the Previous Period, while profit of the Group for the Period was approximately RMB119.24 million (the Previous Period: RMB116.55 million), representing an increase of approximately 2.30%. Basic earnings per share of the Company was RMB1.18 cents (the Previous Period: RMB1.04 cents). The overall gross profit margin of the Group was approximately 14.78% (the Previous Period: 18.40%), representing a decrease of approximately 3.62 percentage point (“**ppt**”) as compared with the Previous Period. The decrease in gross profit margin was mainly attributable to the increase in the cost of sales and services, which resulted in a slightly decrease in the gross profit margin as compared with the Previous Period.

### **Piped Gas Transmission and Distribution Business**

The economy of China is continually stable recovery in this year, the demand on energy has increased rapidly where the nature gas's consumption has continued to grow particularly and the gas consumption on industrial section has grown over last year's demand. In the first half of 2021, natural gas consumption maintained a positive growth with a consumption of approximately 182.7 billion cubic meters, representing a year-on-year increase of approximately 17.4%%. In the first half of 2021, China's efforts in natural gas exploration basically unchanged, while the production volume continued to grow strongly. Natural gas production was 104.5 billion cubic meters, representing a year-on-year increase of approximately 10.9%.

Piped gas transmission and distribution business is one of our main businesses and our main source of income. For the six months ended 30 June 2021, revenue of approximately RMB433,026,000 was recorded from our piped gas transmission and distribution business, representing an increase of approximately RMB133,459,000 or 44.55% as compared with the Previous Period, which accounted for approximately 34.43% (the Previous Period: 29.91%) of our total revenue. During the Period, it covered the peak period of gas consumption in the winter from January to March, and gas sales volume has recorded increase as compared with the Previous Period. The gross profit margin of piped gas transmission and distribution business for the Period was approximately 23.55% (Previous Period: 28.12%).

### ***Piped Gas Connection***

During the Period, revenue from piped gas connection was approximately RMB62,560,000, representing an increase of approximately RMB7,016,000 or 12.63% as compared with the Previous Period, which represented approximately 14.45% (the Previous Period: 18.54%) of the total revenue of the piped gas transmission and distribution business. During the Period, there was an addition of 20,143 units of connected residential household customers and 400 units of connected commercial and industrial (“C/I”) customers, respectively. As of 30 June 2021, the accumulated number of connected residential household customers was 490,192 units; and the accumulated number of connected C/I customers was 10,365 units, representing a growth of approximately 8.38% and 5.92%, respectively as compared with the Previous Period.

### ***Piped Gas Sales***

During the Period, revenue from piped gas sales was approximately RMB370,466,000, representing an increase of approximately RMB126,443,000 or 51.82% as compared with the Previous Period. The increase in revenue was mainly due to the increase in the volume of piped gas sales during the Period. Revenue from piped gas sales accounted for approximately 85.55% (the Previous Period: 81.46%) of the total revenue from the piped gas transmission and distribution business. Our piped gas sales achieved approximately 172.37 million m<sup>3</sup> (the Previous Period: 130.67 million m<sup>3</sup>), representing an increase of approximately 31.91% as compared to the Previous Period. Among the total sales, approximately 66.41 million m<sup>3</sup> (the Previous Period: 38.26 million m<sup>3</sup>) were sold to residential household customers, which represented an increase of approximately 73.58% as compared with the Previous Period; approximately 105.96 million m<sup>3</sup> (the Previous Period: 92.41 million m<sup>3</sup>) were sold to C/I customers, which represented an increase of approximately 14.66% as compared with the Previous Period.

### **Cylinder Gas Supply Business**

Cylinder gas business is another major businesses 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) with cylinder. During the Period, while maintaining existing customers, we actively develop new customers for expanding the sales markets.

During the Period, sales of cylinder gas was approximately 79,508 tons (the Previous Period: 84,050 tons) in total, representing a decrease of approximately 5.40% over the Previous Period. A total sales revenue reached approximately RMB440,210,000 (the Previous Period: RMB345,746,000), representing an increase of approximately RMB94,464,000 or 27.32% over the Previous Period. The gross profit margin of cylinder gas supply business during the Period was approximately 17.67% (the Previous Period: 26.12%). The decrease in sales volume of cylinder gas was mainly due to the lower demand from downstream C/I customers in our service cities as a result of the COVID-19 epidemic and the increase in sales prices, the increase in sales prices that made an increase in revenue from cylinder gas supply business as compared with the the Previous Period, however, the increase in procurement cost was higher than the increase in sales price that affected the gross profit margin. The selling price was fixed for the long-term development of the business with the consideration of certain circumstances such as the demand and the supply in various markets, change in cost of sales and the market competitions. During the Period, revenue from cylinder gas supply business accounted for approximately 35.00% (the Previous Period: 34.52%) of the total revenue of the Group.

### **Gas Distribution Business**

Gas distribution business represents a business carried out by the Group in recent years, which has recently formed a certain business scale. The gas distribution business mainly purchases a large amount of gas resources from upstream suppliers and then distributes to other gas operating companies. Although investment in this business is not large, it can form a dominant position in the market at a lower cost, which is helpful for the development of downstream terminal business of the Group.

During the Period, revenue from gas distribution business was approximately RMB332,067,000 representing an increase of approximately RMB25,096,000 or 8.18% as compared with the Previous Period. The sales of gas was approximately 97,615 tons (the Previous Period: 124,158 tons), representing a decrease of approximately 21.38% as compared with the Previous Period. The increase in revenue was mainly due to the increase in sale price, however, fierce market competition reduced both sales volume and gross profit margin. During the Period, revenue from gas distribution business accounted for approximately 26.40% (the Previous Period: 30.65%) of our total revenue of the Group. The gross profit margin of gas distribution business during the Period was approximately 0.89% (the Previous Period: 1.05%).

## **Fast-moving Consumer good (“FMCG”) and Food Ingredients Supply Business**

The FMCG and food ingredients supply business is a 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 supermarket and the chain of community convenience stores. The consumer group targeted by the community supermarket is mainly the residents community population. It 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.

During the Period, the FMCG and food ingredients supply business realised revenue of approximately RM52,298,000 (the Previous Period: RMB49,172,000), accounting for approximately 4.17% (the Previous Period: 4.92%) of the Group’s total revenue. During the Period, although it was affected by the epidemic, the stores have boosted up their sales by bargain sales activities and optimized their profit model, the revenue of FMCG and food ingredients supply business so increased.

### **Increase/Decrease of Material Projects during the Period**

There was no significant increased/decreased of projects during the Period.

### **Cooperate to Fight the Epidemic**

Employees are the valuable assets of the Group, we must put the health and safety of our employees in our first priority. As the COVID-19 epidemic outbreak continues the year of in 2021, we cooperate with local governments to comply with epidemic prevention and control policies, actively taking various epidemic prevention measures. For example, stores, gas stations and offices be fully disinfected and double checked by the supervisors to ensure effective epidemic prevention; every day we check and record employees’ temperature and health conditions, only employees without any suspected symptoms of infection can entry the stores, gas stations and offices; we provide employees with appropriate epidemic prevention tools (such as masks, gloves, alcohol hand gel, etc.); employees are required to wear face masks and are always reminded to keep social distance from other employees and customers; we continuously educate employees on obeying the government epidemic prevention and control policies during the epidemic period, taking preventive measures consciously, avoid visiting any high-risk areas with epidemic; working from home, if required. The epidemic seems to be warming up, we will continue to keep close eye on the epidemic development and cooperate with the local government and to take appropriate measures, working hard with employees to overcome the epidemic as soon as possible.

## **Impairment Losses under the Expected Credit Loss Model, Net of Reversal**

Impairment losses under the expected credit loss model, net of reversal, amounted to approximately RMB8,281,000, details are set out in note 4 under notes to the condensed consolidated financial statements.

## **Other Gains and Losses**

Other gains and losses for the Period amounted to loss approximately RMB9,024,000 (the Previous Period: loss RMB1,064,000), represented an increase of approximately RMB7,960,000. Such increase was mainly due to the significant increase of impairment loss recognised in respect of other receivable during the Period as compared to the Previous Period.

## **Other Income**

Other income for the Period amounted to approximately RMB18,488,000 (the Previous Period: RMB20,829,000), represented an decrease of approximately RMB2,341,000 as compared with the Previous Period. Such decrease were mainly due to decrease of interest income made and sales of gas appliance and materials.

## **Finance Costs**

Finance costs for the Period amounted to approximately RMB2,932,000 (the Previous Period: RMB5,627,000), represented a decrease of approximately RMB2,695,000. Such decrease was mainly due to the decrease of interest on borrowings.

## **Selling and Distribution Expenses**

Selling and distribution expenses for the Period amounted to approximately RMB73,308,000 (the Previous Period: RMB71,040,000), representing an increase of approximately RMB2,268,000, as compared with the Previous Period due to increase in revenue.

## **Administrative Expenses**

Administrative expenses for the Period amounted to approximately RMB62,627,000 (the Previous Period: RMB61,852,000), representing a slightly increase of approximately RMB775,000 as compared with the Previous Period.

## **Share of Results of Associates**

Share of results of the associates for the Period amounted to approximately RMB9,111,000 (the Previous Period: RMB10,814,000), represented a decrease of approximately RMB1,703,000. Such decrease was mainly attributable to the decrease in profit generated by the Company's associates.

## **Share of Results of Joint Ventures**

Share of results of joint ventures for the Period amounted to approximately RMB63,820,000 (the Previous Period: RMB59,044,000), represented an increase of approximately RMB4,776,000. Such increase was mainly attributable to the increase in profit generated by the Company's joint ventures.

## **Income Tax Expenses**

Income tax expenses for the Period amounted to approximately RMB10,130,000 (the Previous Period: RMB18,810,000), represented a decrease of approximately RMB8,680,000. Such decrease was mainly attributable to certain subsidiaries entitled to tax benefit.

## **FINANCIAL REVIEW**

### **Liquidity and Capital Resources**

As at 30 June 2021, the condensed consolidated financial position of the Group is as follows:

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

### **Borrowing Structure**

As at 30 June 2021, the total borrowings of the Group were approximately RMB95,841,000 (31 December 2020: RMB99,416,000), which comprised domestic bank borrowings denominated in RMB of the project companies in China. Borrowings, calculated at fixed interest rate or the interest rate announced by the People's Bank of China, are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB58,750,000 (31 December 2020: RMB79,325,000) which were secured by certain assets with carrying amount of approximately RMB74,272,000 (31 December 2020: RMB96,668,000), others were unsecured. Short-term borrowings amounted to approximately RMB73,925,000 (31 December 2020: RMB77,500,000), while others were long-term borrowings due after one year. Details of the capital commitments and pledge of assets are set out in notes 14 and 13 to the condensed consolidated financial statements 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 RMB, there was no significant foreign exchange risk in its operation. We currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, and adopt appropriate measures when necessary.

## **Capital and Other Commitments**

As at 30 June 2021, the capital commitments of the Group amounted to approximately RMB13,597,000 (31 December 2020: RMB19,932,000), mainly attributable to running district gas pipelines construction. Details are set out in note 14 to the condensed consolidated financial statements.

## **Contingent Liabilities**

On 29 September 2019, 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 (as borrower), a joint venture of the Group. Details of this transaction are set out in the Company's announcement dated 30 September 2019.

Such guarantee agreement was expired during the six months ended 30 June 2021. Accordingly, there was no contingent liabilities as at 30 June 2021.

## **Event After the End of the Reporting Period**

There was no significant event took place subsequent to the end of the reporting date.

## **Employees**

As at 30 June 2021, we had approximately 5,100 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities, business performance of the Group and profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and/or share options as rewards for their performance.

## **PROSPECTS AND OUTLOOK**

China economy and society development has been deeply impacted by Covid-19 epidemic while the natural gas industry made more than expected achievement, natural gas market is resilient with fast growing consumption, consumption of both city gas and industrial gas exceeded 100 billion cubic meters, system of construction of production, transport, storage and selling of natural gas has made progress which contributed to the security of natural gas supply during the cold winter period. 2021 is the first year of the “14th Five-Year Plan”, the domestic economy has gradually recovered, natural gas consumption has rebounded and maintained rapid growth. The base direction of the industry’s healthy and steady development has not changed, and the domestic capacity to increase reserves and production has also been further enhanced. China is in a critical period of economic development and energy structure transformation, and there is huge potential for the development of efficient and clean natural gas in the future.

### **Piped Gas Business**

China pays more attention on environmental protection that continue increasing the society’s awareness of energy conservation, emission reduction, and environmental protection and natural gas in primary energy will share larger proportion in the future. The 《燃氣管道行業發展十四五規劃綱要》 “Outline of the 14th Five-Year Plan for the Development of the Gas Pipeline Industry” issued by the central government clearly requires that the gas pipeline industry will increase by 88% by 2021, various localities have introduced local policies to increase industry penetration. The gas pipeline industry became a market for policy dividends in 2020. The State Council government report pointed out that the gas pipeline industry will help to improve the quality of life of the people. China’s natural gas market will become our country’s fastest-growing energy source in the future. In recent years, natural gas sales have grown steadily, overall gas prices have continued to fall, and the reform and development “Dividends Policy” have benefited all people. The entire industry has shown strong anti-risk capabilities and development resilience, which will lay a good foundation for the high-quality development of the industry during the “14th Five-Year Plan” period. The Group will continue to ensure the safe and efficient operation of facilities and demand on gas for the people’s livelihood be protected properly, we actively expand its market share and make best use of policy advantages to achieve healthy, order and safe sustainable development of the Group in the natural gas industry.

## **Cylinder Gas Business**

As launch of the “14th Five-Year Plan”, the energy revolution is accelerating. A low-carbon economy consists of certain important elements, which are low energy consumption; low emissions and low pollution. Cylinder gas by virtue of its clean, flexible and efficient supply method provides powerful supplement to the vacant market segment of pipeline gas. The Group will adapt to market regulations and maintain stable development in the natural gas industry. Meanwhile, it will actively expand market areas not covered by piped gas and increase its market share in the cylinder gas business to boost up its revenue. In the future, the Group will make use of internet technology and set up safe, efficiency and convenient business models for provision of better services to our customers.

## **Gas Distribution Business**

In recent years, our country’s natural gas industry has developed rapidly where natural gas consumption has continued to grow rapidly and its importance in the national energy system has continued to increase. The article 《新時代的中國能源發展》 “China’s Energy Development in the New Era” issued by the State Council pointed out that “our country will adhere to a clean and low-carbon orientation in the future, take clean and low-carbon as the leading direction of energy development, promoting green energy production and consumption, optimizing energy production layout and consumption structure, accelerating the increase in the proportion of clean energy and non-fossil energy consumption, significantly reduction of carbon dioxide emissions and pollutant emission levels, and acceleration of the energy green and low-carbon transition”. This means that both gas supply and its demand will be greatly increased in the future. The strategic policy of “Four Revolutions, One Cooperation” will also provide a strong foundation for the stability and development of the gas distribution industry. In the future, the Group will also seize industry development opportunities in the gas distribution sector, we continue to expand the scale of gas distribution and increase gas sales volume and revenue steadily.

## **FMCG and Food Ingredients Supply Business**

With the acceleration of the process of urban development and the full coverage of intelligent internet technology, the trend of online and offline services in various industries is well known. The Group fully integrates Internet technology with the food supply business, adopting customer needs as the criterion and keeping improvement of the development paths of the industry from source procurement to end-user delivery. We strive to provide the best quality services with an industry model in terms of internal personnel management and food supply and optimize every aspect of food supply and internet technology applications with the goal of provision of healthy, fresh and high-quality food in a more convenient and efficient way to our customers. In terms of store business, the Group makes best use of the combination of big data development and internet technology, diversification product categories and consumption patterns in stores, conducting market search to understand consumer needs, following the consumption philosophy of young consumers in the new era in order to optimize own products, Meanwhile, we expand online business development which provides more personalized and high-quality services and get along with market demand in the new era. Our country is in the progress of transforming from a world factory to a world market and the consumer market still has a room for great growth. The Group will catch the development opportunities in the domestic market, exploring new market strategic with new technology and all-round cooperative ways to expand new markets, we enlarge market share in FMCG and food ingredients supply business whereby build up and enhance its market competition with own brand name.

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

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

## **CORPORATE GOVERNANCE**

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

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)**

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

## **REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE**

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

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

The results announcement is required to be published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Company Information” and the Company at [www.681hk.com](http://www.681hk.com) respectively. The interim report of the Company for the six months ended 30 June 2021 will be dispatched to the shareholders of the Company as soon as possible and will be published on the websites of the Stock Exchange and the Company accordingly.

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

Beijing, 31 August 2021

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