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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 SEPTEMBER 2018

FINANCIAL HIGHLIGHTS

Revenue increased by 45.42% to approximately RMB705 million (2017: RMB485 million).

Profit for the Period amounted to approximately RMB96.1 million (2017: RMB103.6 million).

Basic and diluted earnings per share were RMB0.93 cents (2017: RMB1.31 cents).

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

The board (the "**Board**") of directors (the "**Director(s)**") of Chinese People Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2018 ("**Period**"), together with the unaudited comparative figures for the corresponding period in 2017. These interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		(Unaudited) Six months ended 30 September	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**704,625**	484,555
Cost of sales and services		**(560,033)**	(363,506)
Gross profit		**144,592**	121,049
Other gains and losses	*4*	**(3,457)**	(11,383)
Other income	*5*	**9,535**	8,314
Finance costs	*6*	**(4,332)**	(5,097)
Selling and distribution expenses		**(61,370)**	(48,090)
Administrative expenses		**(57,341)**	(55,600)
Share of results of associates		**13,654**	18,508
Share of results of joint ventures		**65,304**	87,407
Profit before tax		**106,585**	115,108
Income tax expense	*7*	**(10,514)**	(11,480)
Profit for the period	*8*	**96,071**	103,628
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
– Change in fair value of available-for-sale investments		**–**	21
Item that will not reclassified subsequently to profit or loss:			
– Fair value change on investments in equity instruments at fair value through other comprehensive income		**6,577**	–
		6,577	21
Total comprehensive income for the period		**102,648**	103,649

		(Unaudited) Six months ended 30 September	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Owners of the Company		**83,448**	90,674
Non-controlling interests		**12,623**	12,954
		96,071	103,628
Total comprehensive income attributable to:			
Owners of the Company		**89,716**	90,695
Non-controlling interests		**12,932**	12,954
		102,648	103,649
Earnings per share	*10*	***RMB***	*RMB*
– basic and diluted		**0.93 cents**	1.31 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	**At 30 September 2018 *RMB'000* (Unaudited)**	At 31 March 2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**726,851**	694,524
Investment properties		**11,300**	11,300
Prepaid lease payments		**56,815**	57,254
Goodwill		**7,064**	7,064
Intangible assets		**24,981**	25,596
Interests in associates		**108,089**	127,919
Interests in joint ventures		**1,123,904**	1,065,899
Available-for-sale financial investments		**–**	14,508
Equity instruments at fair value through other comprehensive income		**83,446**	–
Long-term deposits		**38,044**	21,292
		2,180,494	2,025,356
Current assets			
Inventories		**34,119**	28,609
Trade, bills and other receivables and prepayments	*11*	**187,422**	154,095
Amount due from a joint venture		**16,350**	16,338
Amounts due from associates		**27**	–
Prepaid lease payments		**1,471**	1,732
Bank balances and cash		**400,747**	409,630
		640,136	610,404
Current liabilities			
Contract liabilities		**173,233**	–
Trade and other payables	*12*	**138,067**	250,663
Tax liabilities		**32,201**	39,618
Amount due to a joint venture		**172**	156
Bank borrowings	*13*	**112,900**	113,000
		456,573	403,437
Net current assets		**183,563**	206,967
Total assets less current liabilities		**2,364,057**	2,232,323

	Note	At **30 September** **2018** ***RMB'000*** **(Unaudited)**	At 31 March 2018 *RMB'000* (Audited)
Capital and reserves			
Share capital		**564,507**	570,574
Reserves		**1,575,723**	1,456,972
Equity attributable to owners of the Company		**2,140,230**	2,027,546
Non-controlling interests		**182,918**	180,529
Total equity		**2,323,148**	2,208,075
Non-current liabilities			
Bank borrowings	*13*	**15,500**	16,000
Deferred tax liabilities		**25,409**	8,248
		40,909	24,248
		2,364,057	2,232,323

NOTES:

1. GENERAL INFORMATION

The Company acts as an investment holding company. The Group is principally engaged in the sales and distribution of fuel gas including the provision of piped gas, sales and distribution of cylinder gas and production and sale of barrelled drinking water in the PRC.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and Related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which result in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provision in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

Summary of effects arising from initial application of HKFRS 15

		Carrying amount as previously reported at 31 March 2018	Reclassification	Carrying amount under HKFRS 15 at 1 April 2018*
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Contract liabilities	*(a) (b)*	–	123,930	123,930
Trade and other payables	*(a) (b)*	250,663	(123,930)	126,733

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes:

(a) At the date of initial application, considerations received from customers of approximately RMB115,471,000 in respect of the sales of goods or the construction and installation contracts previously included in trade and other payables were reclassified to contract liabilities.

(b) For construction and installation contracts, the Group continues to recognise revenue over time and apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Amounts due to customers for contract work of approximately RMB8,459,000 previously included in trade and other payables were reclassified to contract liabilities.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Contract liabilities	173,233	(173,233)	–
Trade and other payables	138,067	173,233	311,300

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

In accordance with the transition provisions set out in HKFRS 9, the Group has applied HKFRS 9 by applying the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and not applying the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application (1 April 2018).

	Notes	**AFS investments** *RMB'000*	**Equity instruments at FVTOCI** *RMB'000*	**Trade, bills and other receivables and prepayments** *RMB'000*	**Interests in associates** *RMB'000*	**Interests in joint ventures** *RMB'000*	**Deferred tax liabilities** *RMB'000*	**Investment revaluation reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Non-controlling interests** *RMB'000*
Closing balance at 31 March 2018 – HKAS 39		**14,508**	**–**	**154,095**	**127,919**	**1,065,899**	**8,248**	**–**	**203,955**	**180,529**
Effect arising from initial application of HKFRS 9										
Reclassification										
From available-for-sale ("**AFS**") investments	**(a)**	**(14,508)**	**14,508**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Remeasurement										
Impairment under ECL model	**(b)**	**–**	**–**	**(3,413)**	**(71)**	**(7,298)**	**–**	**–**	**(10,338)**	**(444)**
From cost less impairment to fair value	**(a)**	**–**	**60,168**	**–**	**–**	**–**	**15,042**	**43,951**	**–**	**1,175**
Opening balance at 1 April 2018		**–**	**74,676**	**150,682**	**127,848**	**1,058,601**	**23,290**	**43,951**	**193,617**	**181,260**

(a) Reclassification from AFS investments

The Group elected to present in other comprehensive income ("**OCI**") for the fair value changes of all its equity investments previously classified as AFS investments, relating to unquoted equity investments previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future.

At the date of initial application of HKFRS 9, RMB14,508,000 were reclassified from AFS investments to equity instruments at fair value through other comprehensive income ("**FVTOCI**"). The fair value gains of RMB60,168,000 relating to those unquoted equity investments previously carried at cost less impairment and the corresponding deferred tax impact of RMB15,042,000 were adjusted to investment revaluation reserve and non-controlling interests as at 1 April 2018.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristic. The contract assets relate to unbilled work in progress and have substantially the same risk characteristic as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the expected loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances and non-trade nature of amounts due from joint ventures and associates are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance of RMB3,413,000 has been recognised in retained earnings and non-controlling interests. The additional loss allowance is charged against the respective assets. As at 31 March 2018, the loss allowance for trade and other receivables amounted to RMB53,436,000 under HKAS 39. With the aforesaid additional credit allowance of RMB3,413,000, the loss allowance for trade and other receivables as at 1 April 2018 amounted to RMB56,849,000 under HKFRS 9.

The initial application of HKFRS 9 resulted in a decrease in interests in joint ventures and associates of RMB7,298,000 and RMB71,000 respectively (which is arising from the impact relating to additional loss allowance for trade receivables under ECL model amounting to RMB7,369,000) with corresponding adjustment to retained earnings by debit of RMB7,369,000.

Impact on opening condensed consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the individual line items affected. Line items that were not affected by the adjustments have not been included.

	At 31 March 2018	HKFRS 15	HKFRS 9	At 1 April 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)			(Restated)
Non-current assets				
Interests in associates	127,919	–	(71)	127,848
Interests in joint ventures	1,065,899	–	(7,298)	1,058,601
AFS investments	14,508	–	(14,508)	–
Equity instruments at FVTOCL	–	–	74,676	74,676
Current asset				
Trade, bills and other receivables and prepayments	154,095	–	(3,413)	150,682
Current liabilities				
Trade and other payables	250,663	(123,930)	–	126,733
Contract liabilities	–	123,930	–	123,930
Capital and reserves				
Equity attributable to owners of the Company	2,027,546	–	33,613	2,061,159
Non-controlling interests	180,529	–	731	181,260
Non-current liability				
Deferred tax liabilities	8,248	–	15,042	23,290

3. SEGMENT INFORMATION

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

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

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

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

(3) Production and sales of barrelled drinking water.

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

For the six months ended 30 September 2018

	Provision of piped gas	Sales and distribution of cylinder gas	Production and sales of barrelled drinking water	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**279,743**	**424,712**	**170**	**704,625**
Segment profit (loss)	**16,681**	**17,162**	**(127)**	**33,716**
Unallocated income				**5,083**
Central administration costs				**(6,840)**
Share of results of associates				**13,654**
Share of results of joint ventures				**65,304**
Finance costs				**(4,332)**
Profit before tax				**106,585**
Other segment information				
Amounts included in the measure of segment results:				
Depreciation	**13,861**	**5,901**	**27**	**19,789**
Amortisation	**956**	**395**	**–**	**1,351**
				21,140
Unallocated depreciation and amortisation				**489**
Total				**21,629**
Loss on disposal of property, plant and equipment	**9**	**2,754**	**–**	**2,763**
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				**108,089**
Interests in joint ventures				**1,123,904**
Share of results of associates				**13,654**
Share of results of joint ventures				**65,304**

The Group's revenue from contracts with customers has been disaggregated as (i) sales and distribution of piped gas; cylinder gas and barrelled drinking water of RMB642,036,000 and (ii) gas connection of RMB62,589,000 for the six months ended 30 September 2018.

For the six months ended 30 September 2017

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2017: nil).

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in the annual report for the year ended 31 March 2018. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of share of results of associates, share of results of joint ventures, central administration costs, finance costs and certain other income and other gains and losses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Geographical information

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

4. OTHER GAINS AND LOSSES

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(2,763)**	2,897
Gain on disposal of subsidiaries	**230**	–
Net allowances charged in respect of other receivables	**–**	(13,896)
Net foreign exchange loss	**(924)**	(384)
	(3,457)	(11,383)

5. OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**4,750**	4,131
Dividend income from AFS investments	**–**	1
Gain on disposal of AFS investments	**–**	129
Government grant	**352**	46
Interest income from loan to a joint venture	**333**	506
Rental income from properties and equipment, net	**960**	323
Repair and maintenance services income	**828**	456
Sales of gas appliance and materials, net	**1,078**	466
Others	**1,234**	2,256
	9,535	8,314

6. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Overdue interest on consideration payable	**–**	1,771
Interest on bank borrowings	**4,332**	3,326
	4,332	5,097

7. INCOME TAX EXPENSE

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
– current tax	**10,308**	12,214
– under (over) provision in previous periods	**280**	(660)
Deferred taxation	**(74)**	(74)
	10,514	11,480

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rates applicable for the Group's PRC subsidiaries range from 15% to 25% (2017: 15% to 25%). Certain PRC group entities are entitled to the preferential tax rate pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC. The applicable tax rate of those PRC group entities is 15% for six months ended 30 September 2018 and 2017.

8. PROFIT FOR THE PERIOD

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

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Staff costs including Directors' emoluments:		
Directors' emoluments	**3,889**	10,191
Salaries, allowance and benefits in kind	**52,816**	48,293
Share-based payments	**–**	5,529
Retirement benefits scheme contribution	**8,025**	7,004
	64,730	71,017
Cost of inventories recognised as expenses	**503,765**	316,530
Depreciation of property, plant and equipment	**20,278**	18,309
Amortisation of prepaid lease payments	**736**	978
Amortisation of intangible assets (included in administrative expenses)	**615**	615
Operating lease payments in respect of rented premises	**3,806**	4,093
Contract cost recognised as expense in respect of gas connection construction contracts	**34,002**	23,952

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2018 (2017: nil), nor has any dividend has been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	(Unaudited) Six months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share, being profit for the period attributable to the owners of the Company	**83,448**	90,674

	Number of shares Six months ended 30 September	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,951,700,263**	6,946,090,748

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

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2018	At 31 March 2018
	RMB'000	*RMB'000*
Trade receivables	**63,807**	57,257
Less: allowance for doubtful debts	**(4,324)**	(1,428)
	59,483	55,829
Bill receivables	**1,924**	2,211
Other receivables and prepayments	**126,015**	96,055
Total	**187,422**	154,095

The following is an aged analysis of the trade receivables (net of impairment loss recognised) presented based on the invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates for sales of gas fuels and the billing dates for work performed for construction contracts. The aged analysis of bill receivables at the end of the reporting period is presented based on the date of the Group's receipt of the bills:

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
0 to 90 days	**54,451**	47,041
91 to 180 days	**3,687**	4,392
Over 180 days	**1,345**	4,396
Trade receivables	**59,483**	55,829
0 to 90 days	**1,924**	2,211
Bill receivables	**1,924**	2,211
Total trade and bill receivables	**61,407**	58,040

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on gas connection. The contract assets are transferred to trade receivables when the rights become unconditional.

12. TRADE AND OTHER PAYABLES

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

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
0 to 90 days	**43,911**	40,759
91 to 180 days	**5,584**	3,276
Over 180 days	**6,301**	4,788
Trade payables	**55,796**	48,823
Advances received from customers for gas connection contracts	**–**	21,446
Piped gas customer deposits and other deposit received	**49,913**	45,983
Piped gas income received in advance	**–**	94,025
Accrued charges and other payables	**32,358**	40,386
	138,067	250,663

13. BANK BORROWINGS

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Secured bank borrowings	**110,400**	111,000
Unsecured bank borrowings	**18,000**	18,000
	128,400	129,000
Carrying amount repayable:		
Within one year or on demand	**112,900**	113,000
Between one and two years	**15,500**	16,000
	128,400	129,000

The proceeds were used to finance the capital expenditure and general working capital of the Group. All secured and unsecured bank borrowings are floating rate borrowings of which interest rates are in the range of People's Bank of China plus 0.44% to 3.45% (31 March 2018: 0.44% to 3.45%) per annum.

At 30 September 2018, certain assets the Group with aggregate carrying value of approximately RMB161,858,000 (31 March 2018: RMB158,413,000) were pledged as security for secured bank borrowings.

14. CAPITAL COMMITMENTS

	At 30 September 2018 *RMB'000*	At 31 March 2018 *RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment and prepaid lease payments contracted for but not provided	**74,872**	61,711

15. CONTINGENT LIABILITIES

At 31 August 2015, Beijing Civigas Co., Ltd. ("**Beijing Civigas**"), a wholly-owned subsidiary of the Company, together with the joint venture partner entered into a guarantee agreement with a bank, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favor of the bank for the loan of RMB100,000,000 granted to Fujian Province An Ran Gas Investment Co., Ltd. ("**Fujian An Ran**") (as borrower), a joint venture of the Group. Details of this transaction are set out in the Company's announcement dated 31 August 2015. Up to 30 September 2018, Fujian An Ran has repaid the whole facility line while such facility line is revolving in nature and could be drawn in future.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 20 September 2018, Beijing Zhongmin Ruojia Supply Chain Management Co., Ltd. ("**Beijing Zhongmin Ruojia**") (as the Purchaser), an indirect wholly-owned subsidiary of the Company, and Chongqing Grain Group Co., Ltd. (as the Seller) entered into the equity transfer agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Seller and the Seller has conditionally agreed to sell the Purchaser the 80% equity interests in Chongqing Yubaijia Supermarket Chain Co., Ltd. ("**Chongqing Yubaijia**") at the consideration of RMB14,814,000 ("**Acquisition**"). Chongqing Yubaijia is principally engaged in supermarket chain operations and other related businesses in Chongqing, the PRC. Subsequent to the end of the reporting period, the Acquisition was completed on 1 October 2018. Details of the Acquisition are set out in the Company's announcement dated 20 September 2018.

At 18 October 2018, Beijing Zhongmin Ruojia entered into an equity transfer agreement with independent third parties, pursuant to which Beijing Zhongmin Ruojia will acquire 53.50% equity interests in Chongqing Qiaojiali Supply Chain Management Co., Ltd. ("**Qiaojiali**") at the consideration of RMB5,350,000. Qiaojiali is principally engaged in supply chain management in China; wholesale and retail and other related businesses. The transaction was completed on 1 November 2018.

As at the date of this announcement, the initial accounting for the business acquisition has not been completed pending for valuation on the assets and liabilities of Chongqing Yubaijia and Qiaojiali.

FINANCIAL HIGHLIGHTS

Items	For the six months ended 30 September		Variance	
	2018	2017		
	RMB'000	*RMB'000*	***RMB'000***	*%*
Revenue:				
Provision of piped gas business	**279,743**	216,233	**63,510**	**29.37**
Sales and distribution of cylinder gas business	**424,712**	268,069	**156,643**	**58.43**
Production and sales of barrelled drinking water business	**170**	253	**(83)**	**(32.81)**
Total	**704,625**	484,555	**220,070**	**45.42**
Segment results of operations:				
Provision of piped gas business	**16,681**	21,088	**(4,407)**	**(20.90)**
Sales and distribution of cylinder gas business	**17,162**	9,538	**7,624**	**79.93**
Production and sales of barrelled drinking water business	**(127)**	(155)	**28**	**18.06**
Total	**33,716**	30,471	**3,245**	**10.65**
Share of results of associates	**13,654**	18,508	**(4,854)**	**(26.23)**
Share of results of joint ventures	**65,304**	87,407	**(22,103)**	**(25.29)**
Finance costs	**(4,332)**	(5,097)	**765**	**(15.01)**
Others	**(1,757)**	(16,181)	**14,424**	**(89.14)**
Income tax expense	**(10,514)**	(11,480)	**966**	**(8.41)**
Profit for the Period	**96,071**	103,628	**(7,557)**	**(7.29)**
Profit attributable to owners of the Company	**83,448**	90,674	**(7,226)**	**(7.97)**
Earnings per share				
Basic and diluted (RMB cents)	**0.93 cents**	1.31 cents	**(0.38) cents**	**(29.01)**

Items	**For the six months ended 30 September**		**Variance**	
	2018	2017		
	RMB'000	*RMB'000*	***RMB'000***	*%*
Profit for the Period	**96,071**	103,628	**(7,557)**	**(7.29)**
Adjustments for:				
Finance costs	**4,332**	5,097	**(765)**	**(15.01)**
Depreciation and amortisation	**21,629**	19,902	**1,727**	**8.68**
Income tax expense	**10,514**	11,480	**(966)**	**(8.41)**
Share-based payments	**–**	13,223	**(13,223)**	**(100.00)**
Adjusted EBITDA	**132,546**	153,330	**(20,784)**	**(13.56)**
Breakdown as follows:				
The Group	**53,588**	47,415	**6,173**	**13.02**
Share of results of associates	**13,654**	18,508	**(4,854)**	**(26.23)**
Share of results of joint ventures	**65,304**	87,407	**(22,103)**	**(25.29)**
	132,546	153,330	**(20,784)**	**(13.56)**

BUSINESS REVIEW

In the first half of 2018, China's overall economy registered a stable performance, and the economic structure continued to be optimised and upgraded with further improvement in quality and efficiency. Gross domestic product (GDP) increased by 6.8% year-on-year. Demand for the downstream gas continued to flourish, which was driven by the steady growth of the macro economy, the Chinese government's determination to continue to promote environmental pollution control and the increasingly strict environmental policies introduced by local governments. During the first half of the year, the apparent consumption of natural gas in China reached approximately 134.8 billion cubic metres ("**m^3**"), which represented an increase of 17.5% over the corresponding period of 2017. The apparent consumption of LPG reached approximately 23,570,000 tons, representing an increase of 2.36% over the corresponding period of 2017.

During the Period, total revenue of the Group amounted to approximately RMB705 million, representing a year-on-year increase of 45.42% as compared with the corresponding period last year, while profit for the Period was approximately RMB96,071,000 (2017: RMB103,628,000), representing a year-on-year decrease of 7.29% as compared with the corresponding period last year. Basic and diluted earnings per share were RMB0.93 cents (2017: RMB1.31 cents). The overall gross profit margin of the Group was 20.52% (2017: 24.98%), representing a decrease of 4.46% as compared with the corresponding period last year. The increase in overall revenue was mainly due to the continuous increase in sales of cylinder gas. The decrease in gross profit margin was mainly attributable to the increase in sales proportion of cylinder gas (with lower margin) as a recurring income and the increase in its average purchase price.

Provision of piped gas business

During the reporting period, benefiting from the further implementation of various natural gas policies and strong gas demand from new and existing residential household and C/I customers, the Group captured market development opportunities and achieved rapid business growth with satisfactory performance in the sales volume of piped gas and smooth development in the piped gas connection.

During the six months ended 30 September 2018, revenue of approximately RMB279,743,000 was recorded from our provision of piped gas business, representing an increase of RMB63,510,000 or 29.37% over the corresponding period last year, which accounted for approximately 39.70% (2017: 44.63%) of our total revenue. The overall gross margin of piped gas business was 21.30% (2017: 25.15%).

Piped Gas Connection

During the reporting period, revenue from piped gas connection fee was approximately RMB62,589,000, representing an increase of RMB13,477,000 or 27.44% over the corresponding period last year. Revenue from gas connection construction fee accounted for approximately 22.37% (2017: 22.71%) of the total revenue from the piped gas business. During the reporting period, there was an addition of 17,664 units of residential household customers and an addition of 621 units of C/I customers. As at 30 September 2018, the accumulated number of connected residential household customers and C/I customers was 386,071 units and 7,635 units, respectively.

Piped Gas Sales

During the reporting period, revenue from piped gas sales was approximately RMB217,154,000, representing an increase of RMB50,033,000 or 29.94% over the corresponding period last year. Revenue from piped gas sales accounted for approximately 77.63% (2017: 77.29%) of the total revenue from the provision of piped gas business. The increase in revenue was mainly due to the Group's active promotion of replacing coal with natural gas, which achieved satisfactory results and the benefit from the continuous growth of the scale of newly developed C/I customers as well as the expansion in gas consumption of existing customers. The Group achieved total piped gas sales of approximately 117.17 million m^3, representing a year-on-year increase of 24.21%. Among the total sales, 30.36 million m^3 were sold to residential household customers, which represented a year-on-year increase of 7.93%; 86.81 million m^3 were sold to C/I customers, which represented a year-on-year increase of 31.13%.

Sales and distribution of cylinder gas business

During the reporting period, the market share is experiencing a stable growth since the Group continued to develop new markets and new businesses on the basis of the further development of existing market. During the reporting period, sales and distribution of cylinder gas was 78,951 tons in total, representing an increase of 49.47% over the corresponding period last year. Total revenue was approximately RMB424,712,000 (2017: RMB268,069,000), representing an increase of RMB156,643,000 or 58.43% over the corresponding period last year. The overall gross profit margin of cylinder gas business was 20.03% (2017: 24.92%). The increase in sales volume and revenue are mainly due to the stable usage of C/I market, as well as the significant growth in Beijing-Tianjin-Hebei regions. The decrease in gross profit margin is mainly due to the increase in its average purchase costs. Revenue from the sales and distribution of cylinder gas accounted for approximately 60.27% (2017: 55.32%) of the total revenue for the Period.

New projects during the reporting period

During the reporting period, the Group had 2 new piped gas projects. As of 30 September 2018, the number of domestic projects under our management amounted to 107, which are mainly located in Sichuan, Fujian, Yunnan, Hunan and Tianjin. In the future, the Group will focus on the business opportunities surrounding the existing projects. With its well-organised management system, sound operating records and gas source security capability, the Group will continue to expand its businesses and sales volume through various methods.

Liquidity and capital resources

Currently, the sources of the operating and capital expenditure of the Group are operating cash flow, internal current capital, and bank borrowings. The Group has sufficient funds to meet future capital expenditures and operational needs. An analysis of the Group's cash and borrowings is as follows:

	At 30 September 2018	At 31 March 2018	**Change**
	RMB'000	*RMB'000*	*RMB'000*
Bank balance and cash	**400,747**	409,630	(8,883)
Total borrowings	**(128,400)**	(129,000)	600
Net cash	**272,347**	280,630	(8,283)
Consolidated debt-to-capitalisation ratio*	**5.66%**	5.98%	(0.32%)

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

Borrowing structure

As at 30 September 2018, the total borrowings of the Group were approximately RMB128,400,000 (31 March 2018: RMB129,000,000), which comprised domestic bank borrowings of the project companies in China. Bank borrowings are mainly applied to gas pipelines construction, as general working capital and for operating expenses. Interest is calculated by reference to the interest rate announced by the People's Bank of China plus certain basis points. Apart from the borrowings of RMB110,400,000 (31 March 2018: RMB111,000,000) which were secured by certain assets with carrying amount of approximately RMB161,858,000 (31 March 2018: RMB158,413,000), others were unsecured. Short-term borrowings amounted to RMB112,900,000 (31 March 2018: RMB113,000,000), while others were long-term borrowings due after one year. Details of the pledge of assets and capital commitments are set out in notes 13 and 14 respectively.

Capital structure

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

Foreign exchange risk

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

Capital commitment

At 30 September 2018, the capital commitment of the Group amounted to approximately RMB74,872,000 (31 March 2018: RMB61,711,000), mainly attributable to running district gas pipelines construction, purchase of equipment and prepaid lease payments.

Contingent liabilities

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

Employees

As at 30 September 2018, we had approximately 1,900 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities with the Group, business performance, profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus, share options or award shares as rewards for their outstanding performance.

Events after the end of the reporting period

Please refer to note 16 for details.

PROSPECTS

In the mid of 2018, China's macroeconomy maintains healthy growth and improvement in energy structure and environmental pollution control will promote the continuous growth of natural gas consumption in China. Compared with traditional energy resources such as coal and crude oil, the natural gas industry coincides with the core development concept of national innovation, coordination, green, openness and sharing. The "13th Five-Year Plan for Natural Gas Development"(《天然氣發展「十三五」規劃》) issued by the China National authorities also highlights that the widespread use of natural gas will produce positive effects on the protection of ecological environment and improvement of the atmospheric quality. Coupled with the promotion of "Coal to Gas" and clean heating policy in Beijing, the demand in natural gas market will continue to grow in the future. The demand in natural gas industry remains strong in the off season after the end of the heating season. We will actively respond to national policies and vigorously develop gas business. At the same time, we will also make full use of the existing market advantages, explore new development areas and vigorously develop the supply of food ingredients and fast-moving consumer goods ("**FMCG**") business to increase the diversification of the Group's business.

Provision of piped gas business

Natural gas is an environment-friendly, clean and low-carbon energy with high quality and efficiency. Accelerating the development and utilisation of natural gas and promoting its coordinated and stable development is an important path for China to steadily promote the energy production and consumption revolution and build an energy system which is clean, low-carbon, safe and efficient. In May 2018, the National Development and Reform Commission (the "**NDRC**") issued the "Notice on Straightening the Gas Station Price of Natural Gas for Residential Purpose" (《關於理順居民用氣門站價格的通知》) to realise the integration of gas prices used by non-residents and residents, which is more conducive to the promotion and utilisation of piped gas. During the reporting period, the NDRC published "Regulation Measures on the Fairness and Openness of Oil and Gas Pipeline Network Facilities" (《油氣管網設施公平開放監管辦法》) for public opinions. As stated in the Measures, the State encourages and supports various capitals to be part of the investment and construction of oil and gas pipeline network facilities under unified planning, thus improving the ability to secure oil and gas supply. This indicates that China's natural gas market will become more open in the future. The Group will seize opportunities and meet challenges to actively cope with various policies on the promotion and utilisation of natural gas issued by the government, fully develop potential customers, optimise pipeline operations and improve pipeline efficiency, thereby achieving sustainable and rapid growth in the provision of piped gas business.

Sales and distribution of cylinder gas business

As a clean energy, cylinder gas is widely used by C/I customers and residential households. Cylinder gas is generally used by residential households, and in particular, accounts for an overwhelming market share in rural areas. With the announcement of cities that will conduct a new round of Coal to Gas, the demand for cylinder gas will increase in the future. We will seize the opportunity to vigorously develop the cylinder gas business and increase the revenue of the Group.

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

OTHER BUSINESS OPPORTUNITIES

Food ingredients and FMCG business

After the end of the reporting period, the Group completed the acquisition of the Chongqing Yubaijia and Qiaojiali projects, marking the Group's official launch of the food ingredients and FMCG supply business. Chongqing Yubaijia is principally engaged in the supply of food ingredients (including rice, flour, dry foods, oil, seasoning), and fresh foods such as fruits and vegetables, frozen foods, while Qiaojiali is mainly engaged in the supply chain management; FMCG wholesale and retail and other related businesses.

To the people foodstuff is all-important, which implies that food ingredients (including rice, flour, dry foods, oil) are indispensable and irreplaceable daily necessities for every family. In recent years, demand for food ingredients increases significantly with the thrive of restaurants, schools, kindergartens and corporate canteens. Going forward, we will operate under the brand of "Civi Kitchen（中民廚坊）" and "Yelang Kitchen（夜郎廚坊）" to provide customers with safe and fresh ingredients and fast consumption experience, with an aim to become a high-quality food supply enterprise.

FMCG refers to daily use (hybrid) products and pre-packaged foods. FMCG is indispensable in daily life, featuring fast sales and high frequency of use. With the improvement of residents' income level and changes in the consumption concept, residents are more inclined to healthy, safe and fast products and consumption experience. FMCG will be operated under the brand name "Civi Home" to create a convenient, healthy and fast brand service and management model.

Leverage on its business environment and execution capabilities, the Group will fully utilise the operating environment and national policies to develop the provision of piped gas and the sales and distribution of cylinder gas businesses. While focusing on the development of existing businesses, the Group endeavors to expand its business scope, constantly seeks development opportunities for other new businesses, and strives to bring better return on investment for shareholders.

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

During the Period, the Company repurchased an aggregate of 107,258,000 shares at the aggregate price of HKD12,925,050 on the Stock Exchange. As at the date of this announcement, all repurchased shares had been cancelled. Save as disclosed, 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.

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

Beijing, 30 November 2018

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