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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)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2015**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by 16.30% to approximately RMB968.33 million.
- Profit for the year amounted to approximately RMB223.82 million, an increase of 286.28% when compared with last year. The substantial growth in profit was mainly due to one-off non-cash expenses in an aggregate amount of RMB85,611,000 included in last year. Excluded such non-cash expenses, the profit for the year increased 55.91% when compared with last year.
- Basic and diluted earnings per share for the year ended 31 March 2015 were RMB3.32 cents (2014: RMB0.81 cents).
- We do not recommend the payment of a final dividend (2014: nil).

The board (the “Board”) of directors (the “Director(s)”) of Chinese People Holdings Company Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015 together with the comparative figures for the corresponding year of 2014 are as follows:

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

For the year ended 31 March 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	3	968,325	832,595
Cost of sales and services		<u>(747,874)</u>	<u>(663,518)</u>
Gross profit		220,451	169,077
Other gains and losses	4	(1,598)	(61,108)
Other income	5	9,989	12,264
Finance costs	6	(5,185)	(8,964)
Selling and distribution expenses		(62,152)	(47,728)
Administrative expenses		(91,218)	(107,097)
Share of results of associates		40,033	15,106
Share of results of joint ventures		<u>140,918</u>	<u>96,694</u>
Profit before tax		251,238	68,244
Income tax expense	7	<u>(27,418)</u>	<u>(10,301)</u>
Profit for the year	8	223,820	57,943
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		<u>(3)</u>	<u>(11)</u>
Total comprehensive income for the year		<u>223,817</u>	<u>57,932</u>
Profit for the year attributable to:			
Owners of the Company		204,050	47,298
Non-controlling interests		<u>19,770</u>	<u>10,645</u>
		<u>223,820</u>	<u>57,943</u>
Total comprehensive income attributable to:			
Owners of the Company		204,047	47,287
Non-controlling interests		<u>19,770</u>	<u>10,645</u>
		<u>223,817</u>	<u>57,932</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share – basic and diluted	9	<u>3.32</u>	<u>0.81</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		495,273	431,216
Investment properties		13,800	13,980
Prepaid lease payments		53,474	34,812
Goodwill		12,353	7,065
Intangible assets		362,486	20,317
Interests in associates		125,052	99,389
Interests in joint ventures		655,829	504,711
Available-for-sale investments		9,733	9,736
Long-term deposit and other receivables		88,533	49,390
		<u>1,816,533</u>	<u>1,170,616</u>
Current assets			
Inventories		17,109	14,629
Trade, bills and other receivables and prepayments	<i>11</i>	101,615	94,101
Amount due from an associate		–	18
Amount due from a joint venture		23	–
Prepaid lease payments		967	916
Bank balances and cash		253,839	274,099
		<u>373,553</u>	<u>383,763</u>
Current liabilities			
Trade and other payables	<i>12</i>	192,390	175,220
Tax liabilities		37,950	33,595
Amount due to a non-controlling interest of a subsidiary		1,737	1,658
Amount due to an associate		150	–
Amount due to a joint venture		6,698	–
Amount due to a former director		10,528	8,397
Bank and other borrowings		20,250	25,000
		<u>269,703</u>	<u>243,870</u>
Net current assets		<u>103,850</u>	<u>139,893</u>
Total assets less current liabilities		<u><u>1,920,383</u></u>	<u><u>1,310,509</u></u>

	<i>Note</i>	<b>2015</b> <b>RMB'000</b>	2014 RMB'000
Capital and reserves			
Share capital		453,328	390,626
Reserves		<u>1,133,386</u>	<u>777,979</u>
Equity attributable to owners of the Company		<b>1,586,714</b>	1,168,605
Non-controlling interests		<u>146,046</u>	<u>114,185</u>
Total equity		<u><b>1,732,760</b></u>	<u>1,282,790</u>
Non-current liabilities			
Amount due to a former director		21,000	23,131
Consideration payable	<i>13</i>	162,043	–
Deferred tax liabilities		<u>4,580</u>	<u>4,588</u>
		<u>187,623</u>	<u>27,719</u>
		<u><b>1,920,383</b></u>	<u>1,310,509</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Deemed contribution	Capital contribution	Investment revaluation reserve	Share-based compensation reserve	Other reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2013	390,626	788,187	2,086	92,665	40,827	-	7,721	18	14,313	-	(253,997)	1,082,446	59,186	1,141,632
Profit for the year	-	-	-	-	-	-	-	-	-	-	47,298	47,298	10,645	57,943
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	(11)	-	-	-	(11)	-	(11)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	-	(11)	-	-	47,298	47,287	10,645	57,932
Appropriations	-	-	-	-	10,934	-	-	-	-	-	(10,934)	-	-	-
Dividends paid to a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(2,105)	(2,105)
Acquisition of assets through acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	4,900	4,900
Capital injection from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	6,443	-	6,443	48,459	54,902
Acquisition of additional interests of a subsidiary	-	-	-	-	-	-	-	-	-	(2,203)	-	(2,203)	(6,900)	(9,103)
Lapse of share options	-	-	-	-	-	-	-	-	(14,313)	-	14,313	-	-	-
Proceeds from issuance of warrants	-	-	-	-	-	-	-	-	9,021	-	-	9,021	-	9,021
Recognition of share-based payment expense in relation to issue of warrants	-	-	-	-	-	-	-	-	25,611	-	-	25,611	-	25,611
At 31 March 2014	390,626	788,187	2,086	92,665	51,761	-	7,721	7	34,632	4,240	(203,320)	1,168,605	114,185	1,282,790
Profit for the year	-	-	-	-	-	-	-	-	-	-	204,050	204,050	19,770	223,820
Change in fair value of available-for-sale investments	-	-	-	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	-	(3)	-	-	204,050	204,047	19,770	223,817
Appropriations	-	-	-	-	11,904	-	-	-	-	-	(11,904)	-	-	-
Dividends paid to a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(4,900)	(4,900)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,843	4,843
Deemed capital contribution from a shareholder	-	-	-	-	-	26,628	-	-	-	-	-	26,628	-	26,628
Disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	-	2,935	-	2,935	6,268	9,203
Capital injection from non-controlling interests of subsidiaries newly incorporated during the year	-	-	-	-	-	-	-	-	-	-	-	-	5,880	5,880
Exercise of warrants	62,702	156,429	-	-	-	-	-	-	(34,632)	-	-	184,499	-	184,499
At 31 March 2015	453,328	944,616	2,086	92,665	63,665	26,628	7,721	4	-	7,175	(11,174)	1,586,714	146,046	1,732,760

Notes:

## 1. GENERAL INFORMATION

The Company acts as an investment holding company. The Group is principally engaged in the sales and distribution of natural gas and liquefied petroleum gas (“LPG”) in the People’s Republic of China (the “PRC”) including the provision of piped gas, transportation, distribution and retail of LPG, production and sale of barreled drinking water and lottery agency.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

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

## 2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

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

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle <sup>5</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle <sup>3</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exceptions <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>4</sup>
Amendments to HKAS 1	Disclosure initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>4</sup>
Amendments to HKAS 19	Defined benefit plans: Employee contributions <sup>3</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

## **HKFRS 9 Financial instruments**

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debt instruments.

Based on the Group’s financial assets and financial liabilities as at 31 March 2015, the application of HKFRS 9 will affect the classification and measurement of the Group’s available-for-sale investments but not on the Group’s other financial assets and financial liabilities, in which the available-for-sale investments will either be reclassified or measured at fair value through profit or loss or fair value through other comprehensive income.

## **HKFRS 15 Revenue from contracts with customers**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In the opinion of the Directors, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

### **3. SEGMENT INFORMATION**

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



During the year ended 31 March 2015, the Group acquired the entire equity interests in True Vanguard Holdings Limited (“True Vanguard”). The principal activities of True Vanguard and its principal subsidiaries namely Tianjin Hong Fu Pharmaceutical Ltd. and Tianjin Yun Ze De Biotechnology Ltd. (“Yun Ze De”) are filing and sales of LPG and the production and sale of barreled drinking water. Accordingly, starting from the year ended 31 March 2015, the CODM reviews the financial performance of the production and sale of barreled drinking water separately from that of the other operating segments and results from production and sale of barreled drinking water is presented as a separate operating and reportable segment.

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) Transportation, distribution and retail of LPG – the sale of LPG in bulk to wholesale customers and the retail of LPG to end user households, industrial and commercial customers;
- (3) Lottery agency – agent to operate and sale of welfare lottery tickets; and
- (4) Production and sale of barreled drinking water.

### Segment revenues and results

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

For the year ended 31 March 2015

	Provision of piped gas <i>RMB’000</i>	Transportation, distribution and retail of LPG <i>RMB’000</i>	Production and sale of barreled drinking water <i>RMB’000</i>	Lottery agency <i>RMB’000</i>	Total <i>RMB’000</i>
Segment revenue from external customers	529,872	434,923	65	3,465	968,325
Segment profit (loss)	75,499	22,286	(4,767)	(9,373)	83,645
Unallocated income					7,080
Central administration costs					(15,253)
Share of results of associates					40,033
Share of results of joint ventures					140,918
Finance costs					(5,185)
Profit before tax					251,238

For the year ended 31 March 2014

	Provision of piped gas <i>RMB'000</i>	Transportation, distribution and retail of LPG <i>RMB'000</i>	Lottery agency <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue from external customers	<u>448,105</u>	<u>379,777</u>	<u>4,713</u>	<u>832,595</u>
Segment profit (loss)	<u>63,553</u>	<u>12,801</u>	<u>(78,404)</u>	(2,050)
Unallocated income				8,274
Central administration costs				(15,205)
Share of results of associates				15,106
Share of results of joint ventures				96,694
Share-based payment expense				(25,611)
Finance costs				<u>(8,964)</u>
Profit before tax				<u>68,244</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of share of results of associates, share of results of joint ventures, share-based payment expense, 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.

## Segment assets and liabilities

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Segment assets</b>		
Provision of piped gas	526,004	454,226
Transportation, distribution and retail of LPG	415,604	161,293
Production and sale of barreled drinking water	158,610	–
Lottery agency	10,470	15,033
	<u>1,110,688</u>	<u>630,552</u>
Total segment assets	1,110,688	630,552
Investment properties	13,800	13,980
Interests in associates	125,052	99,389
Interests in joint ventures	655,829	504,711
Available-for-sale investments	9,733	9,736
Bank balances and cash	253,839	274,099
Unallocated assets	21,145	21,912
	<u>2,190,086</u>	<u>1,554,379</u>
Consolidated assets	<u>2,190,086</u>	<u>1,554,379</u>
<b>Segment liabilities</b>		
Provision of piped gas	146,901	137,354
Transportation, distribution and retail of LPG	141,907	35,015
Production and sale of barreled drinking water	67,355	–
Lottery agency	35,421	33,435
	<u>391,584</u>	<u>205,804</u>
Total segment liabilities	391,584	205,804
Bank and other borrowings	20,250	25,000
Tax liabilities	37,950	33,595
Deferred tax liabilities	4,580	4,588
Unallocated liabilities	2,962	2,602
	<u>457,326</u>	<u>271,589</u>
Consolidated liabilities	<u>457,326</u>	<u>271,589</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, interests in associates, interests in joint ventures, available-for-sale investments, bank balances and cash, certain property, plant and equipment and other receivables; and
- all liabilities are allocated to operating segments other than bank and other borrowings, tax liabilities, deferred tax liabilities and certain other payables.

## Other segment information

	Provision of piped gas		Transportation, distribution and retail of LPG		Production and sale of barreled drinking water		Lottery agency		Unallocated		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the year ended 31 March</b>												
<b>Amounts included in measure of segment profit or loss or segment assets:</b>												
Depreciation of property, plant and equipment	16,435	14,175	5,933	3,819	13	-	1,184	1,143	1,835	2,116	25,400	21,253
Net loss on disposal of property, plant and equipment	300	85	165	18	-	-	894	55	-	117	1,359	275
Amortisation of prepaid lease payments	285	348	336	199	-	-	172	173	-	-	793	720
Amortisation of intangible assets	919	917	2,341	-	4,518	-	-	-	-	-	7,778	917
Net allowances charged (reversal of allowances) in respect of trade and other receivables	266	(20)	-	-	-	-	-	-	-	-	266	(20)
Loss on derecognition of compensation receivable	-	-	-	-	-	-	-	60,000	-	-	-	60,000
Capital expenditure in respect of prepaid lease payments	5,506	8,136	14,000	4,564	-	-	-	153	-	-	19,506	12,853
Capital expenditure in respect of property, plant and equipment	48,025	111,422	44,151	17,675	474	-	141	1,449	99	289	92,890	130,835
Capital expenditure in respect of intangible assets	-	-	187,314	-	162,633	-	-	-	-	-	349,947	-
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:</b>												
Interests in associates	-	-	-	-	-	-	-	-	125,052	99,389	125,052	99,389
Interests in joint ventures	-	-	-	-	-	-	-	-	655,829	504,711	655,829	504,711
Share of results of associates	-	-	-	-	-	-	-	-	(40,033)	(15,106)	(40,033)	(15,106)
Share of results of joint ventures	-	-	-	-	-	-	-	-	(140,918)	(96,694)	(140,918)	(96,694)

## Geographical information

The Group's business is principally carried out in the PRC and the Group's non-current assets are located in the PRC. Accordingly, no geographical information is presented.

## Information about major customers

None of the customers contributed over 10% of the total revenue of the Group during the years ended 31 March 2015 and 2014.

#### 4. OTHER GAINS AND LOSSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net loss on disposal of property, plant and equipment	(1,359)	(275)
Fair value change of investment properties	200	(220)
Net foreign exchange loss	(173)	(633)
Net (allowances charged) reversal of allowances in respect of:		
– trade receivables	(229)	20
– other receivables	(37)	–
Loss on derecognition of compensation receivable	–	(60,000)
	<u>(1,598)</u>	<u>(61,108)</u>

#### 5. OTHER INCOME

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Bank interest income	3,716	3,861
Dividend income from available-for-sale investments	336	1,659
Interest income from loan to non-controlling interests of subsidiaries	926	258
Rental income	693	956
Repair and maintenance services income	1,319	913
Sales of gas appliance, net	206	452
Storage management fee income	–	2,685
Government grant	62	160
Others	2,731	1,320
	<u>9,989</u>	<u>12,264</u>

#### 6. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Imputed interest on amount due to a former director	–	7,319
Imputed interest on consideration payable	3,170	–
Interest on other borrowing wholly repayable within five years	251	–
Interest on bank borrowings wholly repayable within five years	1,764	1,645
	<u>5,185</u>	<u>8,964</u>

## 7. INCOME TAX EXPENSE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PRC Enterprise Income Tax:		
– Current tax	26,223	16,786
– Under(over)provision in prior years	1,203	(6,541)
Deferred taxation	(8)	56
	<u>27,418</u>	<u>10,301</u>

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 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 was 15% for years ended 31 March 2015 and 2014.

## 8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Staff costs		
Directors’ emoluments	5,554	31,806
Other staff costs		
Salaries, allowances and benefits in kind	74,212	60,814
Retirement benefits scheme contributions	8,992	7,524
	<u>88,758</u>	<u>100,144</u>
Share-based payment expense in relation to warrants issued (included in administrative expenses)	–	25,611
Cost of inventories recognised as expenses	667,549	588,357
Auditor’s remuneration	1,729	1,729
Depreciation of property, plant and equipment	25,400	21,253
Amortisation of prepaid lease payments	793	720
Amortisation of intangible assets (included in administrative expenses)	7,778	917
Operating lease payments in respect of rented premises	5,349	4,113
Contract cost recognised as expense in respect of gas connection construction contracts	39,206	32,422

## 9. EARNINGS PER SHARE

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company	<u>204,050</u>	<u>47,298</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share calculation	<u>6,142,680,163</u>	<u>5,809,954,136</u>

For the year ended 31 March 2015, the computation of diluted earnings per share does not assume the exercise of the Company's warrants before they were exercised during the year, as their exercise price was higher than the average market price of the Company's shares.

For the year ended 31 March 2014, the computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the Company's shares. In addition, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options before they were lapsed during the year ended 31 March 2014, as their exercise prices were higher than the average market price of the Company's shares for the year prior to lapse.

## 10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2015 (2014: nil), nor has any dividend has been proposed since the end of the reporting period (2014: nil).

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	29,270	28,731
Less: Allowance for doubtful debts	<u>(1,434)</u>	<u>(1,215)</u>
	27,836	27,516
Bills receivables	19,010	–
Other receivables and prepayments	<u>54,769</u>	<u>66,585</u>
Total trade, bills and other receivables and prepayments	<u>101,615</u>	<u>94,101</u>

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days and extending to 180 days for major customers. The bills receivables are matured within the range of 30 days to 180 days as at 31 March 2015. The Group does not hold any collateral over the balances. 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. The aged analysis of bills receivables at the end of the reporting period is presented based on the date of the Group's receipt of the bills.

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
0 to 90 days	<b>26,107</b>	25,953
91 to 180 days	<b>138</b>	189
Over 180 days	<b>1,591</b>	1,374
Trade receivables	<b>27,836</b>	27,516
0 to 90 days	<b>12,100</b>	–
91 to 180 days	<b>6,910</b>	–
Bills receivables	<b>19,010</b>	–
Trade and bills receivables	<b>46,846</b>	27,516

## 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:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
0 to 90 days	<b>22,091</b>	15,053
91 to 180 days	<b>2,247</b>	3,357
Over 180 days	<b>6,419</b>	7,003
Trade payables	<b>30,757</b>	25,413
Advances received from customers for gas connection contracts	<b>37,598</b>	38,713
Piped gas customers deposits and other deposits received	<b>39,860</b>	26,871
Piped gas income received in advance	<b>55,063</b>	51,588
Payable to a non-controlling interest of a subsidiary (Note)	–	9,103
Accrued charges and other payables	<b>29,112</b>	23,532
Total trade and other payables	<b>192,390</b>	175,220



*Note:* The payable to a non-controlling interest of a subsidiary represented the consideration payable for acquisition of additional interests of Xi'an Civigas Co., Ltd. during the year ended 31 March 2014. Such consideration payable had been settled by the Group's transfer of 20% equity interests in Fu Ping Civigas Co., Ltd. ("Fu Ping Civigas") to the non-controlling interest during the year ended 31 March 2015. The Group's shareholding in Fu Ping Civigas reduced from 80% to 60% accordingly.

### 13. CONSIDERATION PAYABLE

On 5 September 2014, the Company entered into a sale and purchase agreement with Dr. Mo Shikang ("Dr. Mo"), the chairman of the board, to acquire the entire interest in True Vanguard at the aggregate consideration of RMB370,000,000. Part of the consideration in the amount of RMB185,501,000 payable to Dr. Mo will be settled on the sixth business day after the issue of the profit certificate for the year ending 31 March 2017, showing the actual year 2017 True Vanguard and its subsidiaries' consolidated profit or loss before interest, taxes, depreciation and amortisation not less than RMB30,000,000. The effective interest rate to discount future cash payment is 7% per annum. The fair value adjustment for imputed interest of RMB26,628,000 was recognised as deemed contribution from a shareholder for the year ended 31 March 2015.

### 14. PLEDGE OF ASSETS

The Group pledged certain assets to a bank and an independent third party to secure certain bank and other borrowings of the Group. Carrying amounts of the assets pledged were as follows:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Property, plant and equipment	<b>39,843</b>	1,849
Prepaid lease payments	<b>4,766</b>	8,005
	<b><u>44,609</u></b>	<u>9,854</u>

## FINANCIAL HIGHLIGHTS

	For the year ended		Changes
	31 March		
	2015	2014	
	RMB'000	RMB'000	RMB'000
<b>Revenue:</b>			
Piped gas business	529,872	448,105	81,767
Transportation distribution and retail of LPG business	434,923	379,777	55,146
Lottery agency business	3,465	4,713	(1,248)
Barreled drinking water business	65	–	65
<b>Total</b>	<b>968,325</b>	<b>832,595</b>	<b>135,730</b>
<b>Segment results:</b>			
Piped gas business	75,499	63,553	11,946
Transportation distribution and retail of LPG business	22,286	12,801	9,485
Lottery agency business	(9,373)	(78,404)	69,031
Barreled drinking water business	(4,767)	–	(4,767)
<b>Total</b>	<b>83,645</b>	<b>(2,050)</b>	<b>85,695</b>
Share of results of associates	40,033	15,106	24,927
Share of results of joint ventures	140,918	96,694	44,224
Share-based payment expense	–	(25,611)	25,611
Finance costs	(5,185)	(8,964)	3,779
Others	(8,173)	(6,931)	(1,242)
<b>Profit before tax</b>	<b>251,238</b>	<b>68,244</b>	<b>182,994</b>
Income tax expense	(27,418)	(10,301)	(17,117)
<b>Profit for the year</b>	<b>223,820</b>	<b>57,943</b>	<b>165,877</b>
<b>Profit attributable to owners of the Company</b>	<b>204,050</b>	<b>47,298</b>	<b>156,752</b>
<b>Earnings per share</b>			
Basic and diluted (RMB cents per share)	3.32	0.81	2.51

	<b>For the year ended 31 March</b>		<b>Changes RMB'000</b>
	<b>2015 RMB'000</b>	2014 RMB'000	
Profit for the year	<b>223,820</b>	57,943	<b>165,877</b>
Adjustments for:			
Loss on derecognition of compensation receivable	–	60,000	<b>(60,000)</b>
Share-based payment expense	–	25,611	<b>(25,611)</b>
	<b>223,820</b>	143,554	<b>80,266</b>
Profit of the Group excluding one-off non-cash flow items	<b>223,820</b>	143,554	<b>80,266</b>
Breakdown as follows:			
The Group	<b>42,869</b>	31,754	<b>11,115</b>
Share of results of associates	<b>40,033</b>	15,106	<b>24,927</b>
Share of results of joint ventures	<b>140,918</b>	96,694	<b>44,224</b>
	<b>223,820</b>	143,554	<b>80,266</b>

*Notes:*

**Revenue:**

*Piped gas business:*

The increase was mainly driven by the demand in Shaanxi Province and Chongqing area. The increase of number of new connected customers and the increase in gas sold were the results of the synergic effect from the equity transfer and capital injection with Shaanxi Provincial Natural Gas Co., Ltd. The enlarged gas pipeline connection enhances the Group's capabilities of gas supply in Shaanxi Province and thus captures the increasing energy consumption demand in those areas.

*Transportation, distribution and retail of LPG business:*

The increase was mainly due to the increase in the distribution of LPG gas tanks in Yunnan Province and exploring new LPG markets.

*Lottery agency business:*

Closing of stores incurring loss resulted in the decrease of sale in lottery.

*Barreled drinking water business:*

It was the sale during trial production period.

***Segment results:***

*Piped gas business:*

The increase benefited from the increase in number of new connected customers and piped gas sold during the reporting period.

*Transportation, distribution and retail of LPG business:*

The increase was mainly affected by the weakness in international crude oil, cost of LPG maintaining at low level, adjustment lag in sale price.

*Lottery agency business:*

Excluding one-off non-cash flow item expense in the last fiscal year (loss on derecognition of compensation receivable of RMB60,000,000), the loss narrowed was due to reduced number of lottery parlors/stations, operating cost fell.

*Barreled drinking water business:*

The loss was mainly due to the production cost involved in the trial production phase and the amortisation of intangible asset (water drawing permit).

**Share of results of joint ventures/  
associates:**

It represented the share of profits from joint ventures and associates of the Group which principally engaged in the piped gas and transportation, distribution and retail of LPG in Fujian Province; Yunnan Province and Guizhou Province respectively. Benefiting from the increase in number of connected customers and piped gas/LPG sold, the share of profits increased.

## **BUSINESS REVIEW**

### **Piped gas business**

Piped gas business is currently the main business and source of income of the Group. During the year ended 31 March 2015, an income of approximately RMB529,872,000 was recorded from the Group's piped gas business, representing a year-on-year increase of RMB81,767,000 (18.25%) over last year, which accounted for 54.72% (2014: 53.82%) of the Group's annual revenue. Gross profit margin maintained at around 25% to 27%.

In August 2014, the National Development and Reform Commission of the People's Republic of China announced the "Notice Concerning the Adjustment of the Price of Stock Natural Gas Consumed by Non-residential Users" (《關於調整非居民用存量天然氣價格的通知》). The city-gate price ceiling of stock natural gas consumed by non-residential users was increased by RMB400 per thousand m<sup>3</sup> on the premise that the city-gate price of incremental gas remained unchanged. The Group has responded proactively to the government policy by completing the price rationalisation and transferring the rising cost to end customers. The Group also takes care of the cost capacity analysis of end customers. The Group obtained targeted measures and guarantee the stability of customer source effectively, thus ensuring the stable and sustainable development of our piped gas business.

### ***Gas connection***

During the reporting period, income from gas connection construction contracts was approximately RMB105,638,000, representing a growth of RMB16,768,000 (18.87%) over last year. Income from gas connection construction contracts represented 19.94% (2014: 19.83%) of total income of piped gas business. During the reporting period, there was addition of 179,631 units of household customers (of which controlling interests accounted for 28,771 units), representing a year-on-year growth of 22.81% from last year, and addition of 1,268 units of commercial & industrial customers (of which controlling interests accounted for 668 units), representing a year-on-year growth of 32.91% from last year. As at the end of the reporting period, the accumulated number of connected household customers was 970,568 units (of which controlling interests accounted for 266,576 units) and accumulated commercial & industrial customers was 6,670 units (of which controlling interests accounted for 4,381 units), representing a year-on-year growth of 22.71% and 23.47% respectively over last year.

## ***Gas sales***

During the reporting period, income from gas sales was approximately RMB424,234,000, representing a growth of RMB64,999,000 (18.09%) over last year. Income from gas sales represented 80.06% (2014: 80.17%) of total income of piped gas business. During the year ended 31 March 2015, total piped gas sales of the Group reached 502.88 million cubic meters (“m<sup>3</sup>”) (of which controlling interests accounted for 217.13 million m<sup>3</sup>), representing a year-on-year growth of 19.29% over last year. Among the total sales, 84.40 million m<sup>3</sup> (of which controlling interests accounted for 58.59 million m<sup>3</sup>) were sold to the household customers, which represented a year-on-year growth of 21.21% over last year, and 418.48 million m<sup>3</sup> (of which controlling interests accounted for 158.54 million m<sup>3</sup>) were sold to the commercial & industrial customers, which represented a year-on-year growth of 18.91% over last year.

## **Transportation, distribution and retail of LPG business**

Transportation, distribution and retail of LPG business has been the Group’s major component of business to focus and promote in recent years. In addition to solidification of the existing market share of the Group, the Group has vigorously conducted research and development for LPG projects. The Group seeks opportunities for accessing new markets through acquisitions and merger as well as other different form of cooperations. During this reporting period, the Group has ten new LPG projects, which labelled and launched its official establishment of LPG business in Tianjin and Henan and further expansion in Yunnan Province and Chongqing. On the other hand, the Group still takes care of safety management and information construction of LPG in all aspect. The Group continues to monitor and improve its management standards and provide quality and efficient customer service, setting up and keeping high-end premium corporate image.

During the year ended 31 March 2015, sales of LPG reached 168,701 tons (of which controlling interests occupied 64,284 tons) in total, representing an increase of 14.97% over last year. The business generated revenue of approximately RMB434,923,000, representing a year-on-year increase of RMB55,146,000 (14.52%) over last year. Income from transportation, distribution and retail of LPG accounted for 44.91% (2014: 45.61%) of the Group’s total revenue.

## **Barreled drinking water business**

During the reporting period, the Group acquired Yun Ze De which is engaged in the production, wholesale and retail of barreled drinking water in Tianjin, the PRC. The construction of water factory of Yun Ze De has been completed, the production line is in trial production and is expected to start production after possessing certain permits from local regulatory bodies in the second half of 2015. During the reporting period, due to the initial development of barreled drinking water business, barreled drinking water business generated revenue of approximately RMB65,000, represented 0.01% of the Group’s total revenue.

## **Lottery agency business**

The Group currently sells China Welfare Lottery in Shenzhen, the PRC. It includes an instant lottery called “Keno Games Lottery” which is exclusively available in Shenzhen. During the reporting period, the lottery agency business generated revenue of approximately RMB3,465,000, representing a decrease of RMB1,248,000 (26.48%) over last year. The decrease in revenue was attributable to the integration of lottery business. Certain large betting stores and stations with low efficiency have been closed, resulting in the decrease in lottery sale. The Group underwent an extensive cost control and reduction measures to minimise its losses, while the Group keeps finding suitable opportunities in different aspects for cooperation.

## **New projects during the reporting period**

During the reporting period, the Group set up/acquired a total of two (2) piped gas projects, ten (10) LPG projects and one (1) barreled drinking water project. As at 31 March 2015, the Group managed a total of 92 projects in the PRC (2014: 80 projects). These new projects are located in regions with developed industrial and commercial sectors and promising prospects, therefore, the scale of gas sales operation of the Group may further expand. In addition, several new projects are close to the Group’s current projects, which it may benefit from economies of scale and reduce operating costs; some other projects are located in new markets, which help the Group to enlarge its sales networks and capture market share. In the face of energy consumption structure adjustment and the advancement of urbanisation and industrialisation in the PRC, the Group expects that there will be more opportunities of new projects in the future.

## **FINANCIAL REVIEW**

### **Gross profit**

During the year ended 31 March 2015, the Group’s operating business realised a gross profit of approximately RMB220,451,000 (2014: approximately RMB169,077,000) in total, representing an increase of 30.38% as compared with last year. The overall gross profit margin was 22.77% (2014: 20.31%).

### **Liquidity and capital resources**

As at 31 March 2015, the Group’s total assets was approximately RMB2,190,086,000 (2014: approximately RMB1,554,379,000), and current liabilities, non-current liabilities, equity attributable to owners of the Company and non-controlling interests amounted to approximately RMB269,703,000 (2014: approximately RMB243,870,000), RMB187,623,000 (2014: approximately RMB27,719,000), RMB1,586,714,000 (2014: approximately RMB1,168,605,000) and RMB146,046,000 (2014: approximately RMB114,185,000) respectively.

As at 31 March 2015, the cash and cash equivalents of the Group amounted to approximately RMB250,839,000 (2014: approximately RMB274,099,000), and the total borrowings amounted to approximately RMB213,821,000 (2014: approximately RMB56,528,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to total borrowings and equity attributable to owners of the Company, was 11.88% (2014: 4.61%), which was still in a healthy level.

Operating cash flow before movements in working capital amounted to approximately RMB105,890,000, representing an increase of RMB37,284,000 (54.35%) over last year. The increase was due to the increase in revenue during the year.

Net cash used in investing activities amounted to approximately RMB122,731,000, representing an increase of RMB24,842,000 (25.38%) over last year. The cash was mainly used for the acquisition of project companies and capital investment in gas supply facilities.

Net cash generated from financing activities of approximately RMB1,314,000, representing a decrease of RMB3,072,000 (70.04%) over last year, which were mainly due to the repayment of bank borrowings and no unlisted warrants issued during the year.

### **Borrowing structure**

As at 31 March 2015, the total borrowings of the Group were approximately RMB213,821,000 (2014: approximately RMB56,528,000), which mainly comprised domestic bank and other borrowings denominated in Renminbi of the project companies in the PRC; consideration payable and amount due to a former director. The interest on bank and other borrowings are calculated by reference to the interest rate announced by the People's Bank of China plus certain basis point. The main purpose of borrowings were applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings with an amount equivalent to RMB7,250,000 (2014: RMB12,000,000) which were secured by certain assets with carrying amount of approximately RMB44,609,000 (2014: RMB9,854,000), others were unsecured. Short-term borrowings amounted to approximately RMB30,778,000 (2014: RMB33,397,000), while others were long-term borrowings due after one year.

### **Capital structure**

The Group's long-term capital 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.



## **Fund raising activities**

### ***Subscription agreement in relation to allotment of unlisted warrants under a specific mandate***

On 8 April 2013, the Company and Ping Da Development Limited (“Ping Da”, a company wholly-owned by Dr. Mo) entered into the warrants subscription agreement pursuant to which the Company has conditionally agreed to issue and allot to Ping Da, and Ping Da has conditionally agreed to subscribe for, an aggregate of 1,135,000,000 warrants conferring the rights to subscribe for an aggregate of 1,135,000,000 subscription shares at the initial subscription price of HK\$0.205 per subscription share of the Company. Further details of the warrants subscription agreement were set out in the Company’s circular dated 8 July 2013. The warrants subscription agreement was approved by shareholders of the Company at the special general meeting held on 24 July 2013.

1,135,000,000 warrants were exercised during the year ended 31 March 2015. Full exercise of these warrants resulted in the issue and allotment of 1,135,000,000 new shares of the Company of HK\$0.205 each. Net proceeds from the exercise of warrants amounted to approximately RMB184,499,000 were used to offset partial consideration for acquisition of True Vanguard. Further details of the acquisition were set out in the Company’s circular dated 25 November 2014. As at 31 March 2015, no warrants were outstanding.

### ***Placing of Consideration Shares***

On 30 April 2014 (after trading hours), the Company, Yongheng Development Corporation Limited (“Yongheng Development” the then shareholder of the Company holding 29.74% interests as at 31 March 2014) and Astrum Capital Management Limited (“Astrum”, as the placing agent) entered into the placing agreement pursuant to which Astrum agreed, on a best effort basis, to place up to the Company’s 1,727,729,582 consideration shares of the Company owned by Yongheng Development (“Consideration Shares”) at HK\$0.205 per share of the Company to not fewer than six places. However, no sufficient orders were received during the placing period. On 14 October 2014, the Board resolved to discontinue the identification of, and the negotiation with, potential placing agent in respect of the placing of the Consideration Shares and to start the preparation work in respect of the distribution of the Consideration Shares.

Pursuant to the settlement deed with Yongheng Development in relation to a profit guarantee on 8 April 2013 (as supplemented by a supplemental settlement deed dated 16 May 2013), should the placing agent fail to place all of the 1,727,729,582 Consideration Shares during the placing period, the escrow agent shall release and transfer the remaining Consideration Shares which are held in the escrow of the escrow agent to shareholders whose names appear on the register of members of the Company at the close of business on the record date (i.e. 31 October 2014, (the “Record Date”)) (other than the Yongheng Development) on a pro-rata basis. The 1,727,729,582 Consideration Shares were distributed on a pro-rata basis to the shareholders of the Company, whose names registered on the Record Date, on 15 December 2014.

## **Foreign exchange risk**

As all of the Group's operations are in the PRC and substantially all of its revenue and expenses are denominated in Renminbi, there were no significant foreign exchange risks in its operation. The Group currently does not have foreign currency hedging policy but monitors the market trends of exchange rates closely, from time to time, and adopts appropriate measures when necessary.

## **Capital and other commitments**

As at 31 March 2015, the Group's capital and other commitments amounted to approximately RMB171,773,000, mainly attributable to running district gas pipelines construction, prepaid lease payments, acquisition of a subsidiary and capital injection with several third parties for set up a new company to be engaged in the provision of public assistance insurance, personal medical insurance, employment insurance and specific personal insurance to the disabled in the PRC.

## **Contingent liabilities**

As at 31 March 2015, the Group had no material contingent liabilities.

## **Employees and remuneration policy**

As at 31 March 2015, the Group had approximately 1,500 employees, most of them were stationed in the PRC. 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 and share options as rewards for their outstanding performance.

## **Event after the reporting period**

On 6 February 2015, Beijing Civigas Co., Ltd., ("Beijing Civigas") a wholly-owned subsidiary of the Company, entered into a capital injection agreement with an independent third party, pursuant to which, Beijing Civigas will inject RMB30,600,000 to acquire 90% of the equity interests in Beijing Heng'an Ruitai LPG Co., Ltd. ("Heng'an Ruitai"). Heng'an Ruitai is principally engaged in the retail of LPG in Zhaoyang district, Beijing, the PRC. At 31 March 2015, a deposit of RMB10,000,000 had been paid. The transaction has been completed on 1 June 2015 and regarded as an acquisition of business.

## **PROSPECTS**

In 2014, the global economy is in a deep adjustment. The US economic recovery is in a slow pace, while a number of uncertainties in Europe affect its economic performance. Despite the slowdown of economic growth, the PRC's GDP still achieved a growth rate of 7.4%. the PRC's development is still in a critical period with material strategic opportunities for great accomplishment. The adjustment of economic structure will become the key for development. Profound changes in global energy circumstance, acceleration of energy structure adjustment, rapid development of clean energy, and prevailing trend of diversified, clean and low-carbon energy provide excellent opportunities for the development of the gas industry.

## Piped gas business

As a clean and efficient fossil fuel, natural gas has long been awarded the government's attention and support. In the current background of strengthening air pollution prevention and combating climate change, the Chinese government announced positive development goals. The "Energy Development Strategy Action Plan (2014-2020)" (《能源發展戰略行動計劃(2014-2020年)》) and "the China's National Plan on Climate Change (2014-2020)" (《國家應對氣候變化規劃(2014-2020年)》) introduced in 2014 proposed that the proportion of natural gas among primary energy consumption will reach 10% or more in 2020, while at the same time consumption volume will reach 360.0 billion m<sup>3</sup>. The government did care the construction of infrastructure corresponding to natural gas development. Currently, the PRC's natural gas pipeline network basically covers 30 provinces, municipalities and autonomous regions except Tibet. The total length of the pipeline network reaches 81,000 km in 2014. 11 units of LNG terminal have been put into operation, with total capacity 38.40 million tons per year. 20 units of underground gas depot have been built, with gas volume 4.2 billion m<sup>3</sup>. The constant improvement of construction of natural gas transportation and distribution facilities provides a hardware foundation for sustainable development of gas utilisation. With the encouragement and support of the PRC's policies, it will be more favorable for the Group to obtain gas source and develop natural gas utilisation, which is a good prospects of the development of natural gas industry.

City gas and industrial fuel are still major growth in demand for natural gas in natural gas consumption market. Replacing the scattered coal-fired boilers is becoming the main "gas replace coal" strategy in the industrial fuel industry. Although the development of natural gas vehicles in urban public transportation is not the main target, the replacement of diesel fuel by natural gas has economically competitive, and will be a new direction for natural gas development. The Group will be more sensitive and well prepared for any new growth in the market and explore market potential, so as to continue to promote the development of our natural gas business.

The Group understands the government's determination and firm standing to control environment pollution and promotes the use of natural gas from the aforesaid policies. The Group should carefully implement government policies, secure the gas utilisation quota, increase the efforts to promote the utilisation of clean energy, explore methods to improve the gas utilisation ratio in the Group's markets, and raise the share of natural gas in energy consumption. The Group continuously explores new markets for business and enhances the influence of corporate, so that the piped gas business can make great contribution for our comprehensive operation efficiency.

## **Transportation, distribution and retail of LPG business**

In 2014, the national apparent demand for LPG was 28.60 million tons, representing a year-on-year growth of 12%. Domestic production was 22.97 million tons, representing a year-on-year growth of 1.4%. Imports in 2014 amounted to 7.0559 million tons, representing a more significant growth compared with 2013. The national demand for LPG appears a trend of continuous growth, and there is excellent situation for the domestic LPG market.

To a certain extent, the development of natural gas industry creates challenges on LPG industry development. Obviously, the natural gas pipeline network coverage of urban residents replaces the demand of LPG. Nevertheless, the increase in consumption rate of LPG among the rural residents and the urban and commercial residents, increasing prominent environmental issues as well as the rising environmental awareness of the people maintain sustaining steady growth of LPG demand in the PRC.

According to the National Bureau of Statistics, the urbanisation rate in 2014 was 54.8%, increased by 1.1% from 53.7% in 2013. The urban resident population has reached 750 million. The experts of the Chinese Academy of Social Sciences predict that the urbanisation rate will reach 68% by 2030. As such, the next 15 years are still in the process of urbanisation. During the construction process of urbanisation, cities and towns which are more remote and bear higher cost for construction of gas pipeline network will be the main areas for our LPG development. The Group believes that increasing rural population moving to cities and towns will boost the demand for clean energy. Hence, there is still room for further market growth in LPG industry.

Facing the growing demand for LPG, the Group should be fully aware the value of LPG retail business, accelerate the construction of our retail network, integrate operation management model, strengthen corporate brand image; the Group should also take the opportunity of national clean energy promotion and look for opportunities, access new markets, in order to achieve a greater market share.

## **Barreled drinking water business**

The advantages of barreled drinking water is its ready-to-drink design and high quality. With the decrease in the cost of manufacturing water dispensers and barrels, the rapid development of national economic and the rising standard of living, the demand for barreled drinking water has been growing. It is expected that the demand for barreled drinking water in 2025 will be approximately 200 million tons. In order to generate greater profits, the Group will adopt various marketing strategies for increasing the Group's market share of barreled drinking water and will ensure the efficient use of the Group's existing resources.

## **Lottery agency business**

According to statistics of the Ministry of Finance, lottery sales in the PRC amounted to RMB382.378 billion, representing a year on-year increase of RMB73.053 billion (23.6%). The Ministry of Finance amended the “Interim Administrative Measures for Lottery Telesales” (《電話銷售彩票管理暫行辦法》) in March 2014, promoting the trends of lottery telesales with clear direction and marking a solid foundation for the explosive growth of mobile lottery market. In April 2015, the eight ministries, including the Ministry of Finance, made a joint announcement of Internet sales of lottery. According to the announcement, the relevant units (persons), such as lottery agencies, Internet companies, etc., should strictly enforce the existing national provisions related to Internet sales of lottery. It is prohibited to entrust or conduct their own Internet sales of lottery business. Fixing and clearing non-formal Internet sales of lottery action helps to maintain the order of lottery market and promote sustainable and healthy development of the lottery market.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

The Company has complied with the provisions of the code as set out in Appendix 14 “Corporate Governance Code and Corporate Governance Report” of the Listing Rules for the year ended 31 March 2015. The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Corporate Governance Code.

## **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code under Appendix 10 of the Listing Rules (the “Model Code”) throughout the year ended 31 March 2015. The Company had also made specific enquiries with all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors.

## **REVIEW OF ANNUAL RESULTS**

The audit committee comprises all three independent non-executive Directors, namely, Mr. Sin Ka Man (Committee Chairman), Dr. Liu Junmin and Prof. Zhao Yanyun. The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2015.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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

Beijing, 26 June 2015

*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. Jin Song (Managing Director) and Miss Mo Yunbi, and three Independent Non-executive Directors, namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.*