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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 2015**

FINANCIAL HIGHLIGHTS

The Group's revenue for the period was approximately RMB427,845,000, decreased RMB16,460,000 or 3.7% as compared with RMB444,305,000 for the corresponding period last year.

Profit for the period was approximately RMB99,169,000, decreased RMB13,728,000 or 12.2% as compared with RMB112,897,000 for the corresponding period last year.

EBITA for the period increased by RMB11,128,000 or 8.2% to approximately RMB146,222,000.

No dividend was declared for the six months ended 30 September 2015 (2014: nil).

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 2015, together with the unaudited comparative figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		(Unaudited)	
		Six months ended	
		30 September	
		2015	2014
	Notes	RMB'000	RMB'000
Revenue	3	427,845	444,305
Cost of sales and services		<u>(315,229)</u>	<u>(348,144)</u>
Gross profit		112,616	96,161
Other gains and losses	4	(8,759)	(698)
Other income		6,642	4,423
Finance costs	5	(6,598)	(967)
Selling and distribution expenses		(33,268)	(27,024)
Administrative expenses		(58,955)	(42,364)
Share of results of associates		23,710	18,740
Share of results of joint ventures		<u>75,281</u>	<u>75,231</u>
Profit before tax	6	110,669	123,502
Income tax expense	7	<u>(11,500)</u>	<u>(10,605)</u>
Profit for the period		<u>99,169</u>	<u>112,897</u>
Other comprehensive (expense) income for the period			
Items that are or may be reclassified subsequently to profit or loss:			
– Change in fair value transferred to consolidated statement of profit or loss on disposal		(7)	–
– Change in fair value of available-for-sale investments		<u>(2)</u>	<u>3</u>
		<u>(9)</u>	<u>3</u>
Total comprehensive income for the period		<u><u>99,160</u></u>	<u><u>112,900</u></u>

		(Unaudited)	
		Six months ended	
		30 September	
		2015	2014
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to:			
	Owners of the Company	91,697	107,691
	Non-controlling interests	7,472	5,206
		<u>99,169</u>	<u>112,897</u>
Total comprehensive income attributable to:			
	Owners of the Company	91,688	107,694
	Non-controlling interests	7,472	5,206
		<u>99,160</u>	<u>112,900</u>
		<i>RMB</i>	<i>RMB</i>
Earnings per share	9		
– basic and diluted (RMB cents)		<u>1.32 cents</u>	<u>1.85 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		At 30 September 2015 <i>RMB'000</i> (Unaudited)	At 31 March 2015 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		510,296	495,273
Investment properties		13,800	13,800
Prepaid lease payments		58,448	53,474
Goodwill		14,013	12,353
Intangible assets		348,310	362,486
Interests in associates		119,506	125,052
Interests in joint ventures		731,110	655,829
Available-for-sale investments		9,718	9,733
Long-term deposit and other receivables		70,349	88,533
		<u>1,875,550</u>	<u>1,816,533</u>
Current assets			
Inventories		22,796	17,109
Trade, bills and other receivables and prepayments	10	115,709	101,615
Amount due from a joint venture		–	23
Prepaid lease payments		1,179	967
Bank balances and cash		266,465	253,839
		<u>406,149</u>	<u>373,553</u>
Current liabilities			
Trade and other payables	11	190,604	192,390
Tax liabilities		35,655	37,950
Amount due to a non-controlling interests of a subsidiary		–	1,737
Amounts due to associates		742	150
Amounts due to joint ventures		5,061	6,698
Amount due to a former director		10,528	10,528
Bank and other borrowings		14,360	20,250
		<u>256,950</u>	<u>269,703</u>
Net current assets		<u>149,199</u>	<u>103,850</u>
Total assets less current liabilities		<u><u>2,024,749</u></u>	<u><u>1,920,383</u></u>

	At 30 September 2015 <i>RMB'000</i> (Unaudited)	At 31 March 2015 <i>RMB'000</i> (Audited)
Capital and reserves		
Share capital	453,328	453,328
Reserves	<u>1,225,074</u>	<u>1,133,386</u>
Equity attributable to owners of the Company	<u>1,678,402</u>	1,586,714
Non-controlling interests	<u>153,149</u>	<u>146,046</u>
Total equity	<u>1,831,551</u>	<u>1,732,760</u>
Non-current liabilities		
Amount due to a former director	21,000	21,000
Consideration payable	167,622	162,043
Deferred tax liabilities	<u>4,576</u>	<u>4,580</u>
	<u>193,198</u>	<u>187,623</u>
	<u>2,024,749</u>	<u>1,920,383</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Deemed contribution	Capital contribution	Investment revaluation reserve	Other reserve	Share-based compensation reserve	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2014 (audited)	390,626	788,187	2,086	92,665	51,761	-	7,721	7	4,240	34,632	(203,320)	1,168,605	114,185	1,282,790
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	107,691	107,691	5,206	112,897
Other comprehensive income	-	-	-	-	-	-	-	3	-	-	-	3	-	3
Total comprehensive income for the period	-	-	-	-	-	-	-	3	-	-	107,691	107,694	5,206	112,900
Appropriations	-	-	-	-	329	-	-	-	-	-	(329)	-	-	-
Capital injection from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	15,680	15,680
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	646	646
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(4,900)	(4,900)
Disposal of partial interests of subsidiaries	-	-	-	-	-	-	-	-	2,935	-	-	2,935	6,268	9,203
At 30 September 2014 (unaudited)	<u>390,626</u>	<u>788,187</u>	<u>2,086</u>	<u>92,665</u>	<u>52,090</u>	<u>-</u>	<u>7,721</u>	<u>10</u>	<u>7,175</u>	<u>34,632</u>	<u>(95,958)</u>	<u>1,279,234</u>	<u>137,085</u>	<u>1,416,319</u>
At 1 April 2015 (audited)	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
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	91,697	91,697	7,472	99,169
Other comprehensive expense	-	-	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Total comprehensive income for the period	-	-	-	-	-	-	-	(9)	-	-	91,697	91,688	7,472	99,160
Capital injection from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	147	147
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,131	4,131
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(4,647)	(4,647)
At 30 September 2015 (unaudited)	<u>453,328</u>	<u>944,616</u>	<u>2,086</u>	<u>92,665</u>	<u>63,665</u>	<u>26,628</u>	<u>7,721</u>	<u>(5)</u>	<u>7,175</u>	<u>-</u>	<u>80,523</u>	<u>1,678,402</u>	<u>153,149</u>	<u>1,831,551</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	RMB'000	RMB'000
Net cash generated from operating activities	54,913	62,134
Net cash used in investing activities	(30,875)	(54,118)
Net cash used in financing activities	(11,412)	(11,442)
Net increase (decrease) in cash and cash equivalents	12,626	(3,426)
Cash and cash equivalents at beginning of the period	253,839	274,099
Cash and cash equivalents at end of the period, represented by bank balances and cash	266,465	270,673

Notes:

1. BASIS OF PREPARATION

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 on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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 at the end of each reporting period.

Except as described below, 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 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM"), being the managing Director of the Group, 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 Heng'an Civigas Co., Ltd. (formerly known as Tianjin Hong Fu Pharmaceutical Ltd.) and Tianjin Yun Ze De Biotechnology Ltd. ("Yun Ze De") are filling and sale of LPG and the production and sale of barreled drinking water. Details of this acquisition had been set out in note 37 to the consolidated financial statements for the year ended 31 March 2015. 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 sales of welfare lottery tickets; and
- (4) Production and sale of barreled 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 2015

	Provision of piped gas	Transportation, distribution and retail of LPG	Production and sale of barreled drinking water	Lottery agency	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>241,493</u>	<u>184,836</u>	<u>150</u>	<u>1,366</u>	<u>427,845</u>
Segment profit (loss)	<u>39,661</u>	<u>(5,552)</u>	<u>(9,249)</u>	<u>(2,083)</u>	22,777
Unallocated income					3,648
Central administration costs					(8,149)
Share of results of associates					23,710
Share of results of joint ventures					75,281
Finance costs					<u>(6,598)</u>
Profit before tax					<u>110,669</u>
Other segment information					
Amounts included in the measure of segment results:					
Depreciation	8,878	4,105	25	185	<u>13,193</u>
Amortisation	708	5,123	9,035	86	<u>14,952</u>
					28,145
Unallocated depreciation and amortisation					<u>810</u>
Total					<u>28,955</u>
(Gain) loss on disposal of property, plant and equipment	(922)	10,023	-	-	<u>9,101</u>
Amounts regularly provided to the CODM but not included in the measure of segment results:					
Interests in associates					119,506
Interests in joint ventures					731,110
Share of results of associates					23,710
Share of results of joint ventures					<u>75,281</u>

For the six months ended 30 September 2014

	Provision of piped gas	Transportation, distribution and retail of LPG	Lottery agency	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	215,331	227,165	1,809	444,305
Segment profit (loss)	32,092	7,833	(4,896)	35,029
Unallocated income				2,561
Central administration costs				(7,092)
Share of results of associates				18,740
Share of results of joint ventures				75,231
Finance costs				(967)
Profit before tax				123,502
Other segment information				
Amounts included in the measure of segment results:				
Depreciation	7,941	2,920	643	11,504
Amortisation	592	131	86	809
				12,313
Unallocated depreciation and amortisation				857
Total				13,170
Loss on disposal of property, plant and equipment	307	1	-	308
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				115,715
Interests in joint ventures				579,942
Share of results of associates				18,740
Share of results of joint ventures				75,231

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2014: 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 2015. 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.

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

Segment assets

	At 30 September 2015 <i>RMB'000</i> (Unaudited)	At 31 March 2015 <i>RMB'000</i> (Audited)
Provision of piped gas	529,884	526,004
Transportation, distribution and retail of LPG	431,587	415,604
Production and sale of barreled drinking water	149,639	158,610
Lottery agency	9,359	10,470
	<hr/>	<hr/>
Total segment assets	1,120,469	1,110,688
Investment properties	13,800	13,800
Interests in associates	119,506	125,052
Interests in joint ventures	731,110	655,829
Available-for-sale investments	9,718	9,733
Bank balances and cash	266,465	253,839
Unallocated assets	20,631	21,145
	<hr/>	<hr/>
Consolidated assets	2,281,699	2,190,086

Segment liabilities

	At 30 September 2015 <i>RMB'000</i> (Unaudited)	At 31 March 2015 <i>RMB'000</i> (Audited)
Provision of piped gas	142,025	146,901
Transportation, distribution and retail of LPG	145,418	141,907
Production and sale of barreled drinking water	69,924	67,355
Lottery agency	35,590	35,421
	<hr/>	<hr/>
Total segment liabilities	392,957	391,584
Bank and other borrowings	14,360	20,250
Tax liabilities	35,655	37,950
Deferred tax liabilities	4,576	4,580
Unallocated liabilities	2,600	2,962
	<hr/>	<hr/>
Consolidated liabilities	<u>450,148</u>	<u>457,326</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.

Geographical information

The Group's business is principally carried out in the People's Republic of China (the "PRC") and the Group's non-current are located in the PRC. Accordingly, no geographical information is presented.

4. OTHER GAINS AND LOSSES

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss on disposal of property, plant and equipment	(9,101)	(308)
Net gain on disposal of available-for-sale investments	11	–
Net foreign exchange gain (loss)	331	(49)
Net allowance charged in respect of trade receivables	–	(251)
Others	–	(90)
	<u>(8,759)</u>	<u>(698)</u>

5. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Imputed interest on consideration payable	5,576	–
Interest on other borrowing wholly repayable within five years	371	–
Interest on bank borrowings wholly repayable within five years	651	967
	<u>6,598</u>	<u>967</u>

6. PROFIT BEFORE TAX

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

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs including Directors' emoluments:		
Directors' emoluments	3,240	3,004
Salaries, allowance and benefits in kind	42,085	35,552
Retirement benefits scheme contribution	5,620	4,593
	50,945	43,149
Cost of inventories recognised as expenses	275,218	306,223
Depreciation of property, plant and equipment	14,003	12,361
Amortisation of prepaid lease payments	776	348
Amortisation of intangible assets (included in administrative expenses)	14,176	461
Operating lease payments in respect of rented premises	2,381	2,822
Contract cost recognised as expense in respect of gas connection construction contracts	17,879	19,932
	17,879	19,932

7. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax:		
– current tax	12,412	10,207
– (over) under provision in previous periods	(908)	402
Deferred taxation	(4)	(4)
	11,500	10,605
	11,500	10,605

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 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 is 15% for the six months ended 30 September 2015 and 2014.

8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2015 (2014: nil), nor has any dividend has been proposed since the end of the reporting period (2014: nil).

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:

	(Unaudited)	
	Six months ended	
	30 September	
	2015	2014
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to owners of the Company	<u>91,697</u>	<u>107,691</u>
	2015	2014
Number of shares		
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings per share calculation	<u>6,944,954,136</u>	<u>5,809,954,136</u>

There were no potential dilutive shares in existence for the six months ended 30 September 2015. For the six months ended 30 September 2014, the computation of diluted earnings per share did 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.

10. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2015 <i>RMB'000</i>	At 31 March 2015 <i>RMB'000</i>
Trade receivables	20,592	29,270
Less: allowance for doubtful debts	<u>(1,434)</u>	<u>(1,434)</u>
	19,158	27,836
Bills receivables	17,830	19,010
Other receivables and prepayments	<u>78,721</u>	<u>54,769</u>
Total	<u>115,709</u>	<u>101,615</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. 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:

	At 30 September 2015 <i>RMB'000</i>	At 31 March 2015 <i>RMB'000</i>
0 to 90 days	16,417	26,107
91 to 180 days	316	138
Over 180 days	<u>2,425</u>	<u>1,591</u>
Trade receivables	<u>19,158</u>	<u>27,836</u>
0 to 90 days	5,480	12,100
91 to 180 days	<u>12,350</u>	<u>6,910</u>
Bills receivables	<u>17,830</u>	<u>19,010</u>
Total trade and bills receivables	<u>36,988</u>	<u>46,846</u>

At 30 September 2015, included in other receivables, there are deposits and advance payment to suppliers of RMB19,469,000 (31 March 2015: RMB19,128,000) in relation to the purchase of natural gas and LPG products, which will be delivered within one year from the end of the reporting period.

Also, there is an unsecured loan receivable of RMB6,859,000 (31 March 2015: RMB7,012,000) included in other receivables relating to advance to a non-controlling interest of a subsidiary, which is an investment holding company and its subsidiaries are engaged in operation of LPG industry in the PRC, carried interest at 10% per annum and is repayable within one year.

Included in other receivables is also amount due from a non-controlling interest of a subsidiary of RMB1,294,000 which is interest free, unsecured and is repayable within one year.

11. 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 2015 <i>RMB'000</i>	At 31 March 2015 <i>RMB'000</i>
0 to 90 days	18,420	22,091
91 to 180 days	933	2,247
Over 180 days	7,139	6,419
Trade payables	26,492	30,757
Advances received from customers for gas connection contracts	39,904	37,598
Piped gas customer deposits and other deposits received	40,756	39,860
Piped gas income received in advance	55,277	55,063
Accrued charges and other payables	28,175	29,112
	190,604	192,390

12. CAPITAL AND OTHER COMMITMENTS

	At 30 September 2015 <i>RMB'000</i>	At 31 March 2015 <i>RMB'000</i>
Capital and other expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Capital commitment:		
Property, plant and equipment	<u>31,731</u>	<u>35,122</u>
Other commitment:		
Prepaid lease payments	<u>2,051</u>	<u>2,051</u>

At 31 March 2015, the Group had entered into a capital injection agreement with a third party for the acquisition of a subsidiary and the Group's committed amount was RMB20,600,000.

At 31 March 2015, the Company had entered into a contract with several third parties for capital injection for set up a new company, the Group's committed amount was RMB114,000,000.

BUSINESS REVIEW

During the reporting period, although domestic economic growth is slightly lowered, the stable and progressive condition remains unchanged. The economic operation is still in a reasonable area with acceleration of structural adjustment and nurture of new impetus. In the background of fair macroeconomic situation, we enhance our standards of corporate governance and achieve smooth development in various business aspects.

Piped gas business

We are an energy operator providing piped gas, constructing gas pipeline networks and supplying gas to the residential as well as industrial & commercial customers among the service areas. During the reporting period, revenue of approximately RMB241,493,000 was recorded from piped gas business, representing a year-on-year increase of RMB26,162,000 (12.1%) over the corresponding period last year, which accounted for 56.4% (2014: 48.5%) of our total revenue.

Gas connection

During the reporting period, revenue from gas connection construction contracts was approximately RMB47,331,000, representing a decrease of RMB6,729,000 (12.5%) over the corresponding period. Revenue from gas connection construction contracts represented approximately 19.6% (2014: 25.1%) of total revenue of piped gas business. During the reporting period, there was an addition of 98,544 units of household customers (of which controlling interests accounted for 12,934 units), and an addition of 956 units of commercial & industrial customers (of which controlling interests accounted for 325 units). As at 30 September 2015, there were an accumulated number of connected household customers of 1,069,112 units (of which controlling interests accounted for 279,510 units) and accumulated commercial & industrial customers of 7,626 units (of which controlling interests accounted for 4,706 units), representing a growth of 21.5% and 26.4% respectively over the corresponding period last year.

Gas sales

During the reporting period, revenue from gas sales was approximately RMB194,162,000, representing a growth of RMB32,891,000 (20.4%) over the corresponding period last year, which was due to the steady growth of gas sales and the raising gas price. Revenue from gas sales represented approximately 80.4% (2014: 74.9%) of total revenue of piped gas business. Total piped gas sales achieved a total of 244.34 million cubic meters (“m³”) (of which controlling interests accounted for 93.36 million m³), representing a growth of 4.4% over the corresponding period. Among the total sales, 42.63 million m³ (of which controlling interests accounted for 28.26 million m³) were sold to the household customers, representing a growth of 34.8% over the corresponding same period; 201.71 million m³ (of which controlling interests accounted for 65.10 million m³) were sold to the industrial & commercial customers, representing a decline of 0.3% over the corresponding same period. Impacted by the overall sluggish economy in the PRC during the year, the operation rate of industrial users fell, downstream users with greater demand for piped gas were affected. We will proactively confronted the challenges arising from macro-economic environment and low oil price by making timely adjustment to our marketing strategies, fully exploiting market potential, enhancing the development of existing industrial and commercial users and seeking new growth driver for gas demand.

Transportation, distribution and retail of LPG business

Transportation, distribution and retail of LPG business is our another important business area.

We have been committed to explore and develop LPG business for a long period, and pay attention to the construction and operation of LPG retail system. Currently, we are in a leading position in the domestic LPG terminal market with extensive experience on LPG safety production and management and a strict three-level production, safety, sales management and control system.

We have put effort on the development in this business area in recent years. On the one hand, we have vigorously conducted research and development on LPG. By participating in new projects in various means (such as acquisition), we seek opportunities for accessing new markets. On the other hand, we have expanded LPG business varieties and types, while extending the business scope of LPG business. We have also strengthened cooperation with the local government bureaus in relation to the existing projects and integrated gas market, so as to make our contribution to the universal utilisation of local clean energy as well as safe and healthy development of LPG market.

Moreover, we are making effort to develop the information technology infrastructure for LPG operation management. These include the construction of customer service call-centre and steel bottle management system, in order to improve the management level continuously and achieve a more scientific and rational operation.

During the reporting period, sales of LPG reached approximately 159,463 tons in total (of which controlling interests accounted for 34,707 tons), representing an increase of 89.5% over the corresponding period last year. Revenue from LPG reached approximately RMB184,836,000 (2014: RMB227,165,000) in total, representing a decrease of RMB42,329,000 (18.6%) over the corresponding period last year. The drop in revenue while increase in sales volume was mainly due to the downward adjustment of terminal price brought by the drastic drop of international oil price during the reporting period. During the period, revenue from transportation distribution and retail of LPG accounted for approximately 43.2% (2014: 51.1%) of total revenue.

Barreled drinking water business

In December 2014, we completed the acquisition of Yun Ze De which is engaged in the production, wholesale and retail of barreled drinking water in Tianjin City, the PRC. The project has recently been transferred from trial production to full production. During the reporting period, source of barreled water customers was expanded and the sales began to rise. The quality of barreled drinking water has been recognised from the users with their feedbacks. However, as our barreled drinking water brand is still in the incubation period, sales are yet to outstanding. In the future, we will allocate resources to promote and establish our brand of barreled drinking water to increase market share and confidence.

Lottery agency business

We currently sell 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, our lottery agency business generated revenue of approximately RMB1,366,000, representing a decrease of RMB443,000 (24.5%) over the corresponding period last year. The decrease in revenue was attributable to the closing of betting stations with loss recorded, resulting in the decrease in lottery sale. We will continue to review the situation of the lottery business.

NEW PROJECTS DURING THE REPORTING PERIOD

During the reporting period, we secured 8 new projects, including 3 piped gas projects and 5 LPG projects. The investment of these projects further expand our geographical scale of sales, thus further enhance the reputation of the brand “Civigas”; the projects are mostly located around our existing projects, which leverages its economies of scale and reduces operating costs; they also lead to increasing gas sales and record more revenue.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

Items	For the six months ended 30 September		Variance
	2015 RMB'000	2014 RMB'000	RMB'000
Revenue:			
Piped gas business	241,493	215,331	26,162
Transportation, distribution and retail of LPG business	184,836	227,165	(42,329)
Lottery agency business	1,366	1,809	(443)
Barreled drinking water business	150	–	150
Total	427,845	444,305	(16,460)
Segment results:			
Piped gas business	39,661	32,092	7,569
Transportation, distribution and retail of LPG business	(5,552)	7,833	(13,385)
Lottery agency business	(2,083)	(4,896)	2,813
Barreled drinking water business	(9,249)	–	(9,249)
Total	22,777	35,029	(12,252)
Share of results of associates	23,710	18,740	4,970
Share of results of joint ventures	75,281	75,231	50
Other income and expenses (net)	(11,099)	(5,498)	(5,601)
Profit before tax	110,669	123,502	(12,833)
Income tax	(11,500)	(10,605)	(895)
Profit for the period	99,169	112,897	(13,728)
Profit attributable to owners of the Company	91,697	107,691	(15,994)
Earnings per share			
Basic and diluted (RMB cents per share)	1.32 cents	1.85 cents	(0.53) cents

Items	For the six months ended 30 September		Variance
	2015 RMB'000	2014 RMB'000	RMB'000
Profit before tax	110,669	123,502	(12,833)
Adjustments for:			
Depreciation and amortisation	28,955	10,625	18,330
Finance costs	6,598	967	5,631
Earnings before interest, tax, depreciation and amortisation (EBITA)	146,222	135,094	11,128
Breakdown as follows:			
The Group	47,231	41,123	6,108
Share of results of associates	23,710	18,740	4,970
Share of results of joint ventures	75,281	75,231	50
	146,222	135,094	11,128

Revenue:

- Piped gas business : The growing energy consumption demand in Shaanxi Province, Sichuan Province and Chongqing area remains our growth driving force of piped gas business. Gas sales income in these areas recorded a significant increase over the corresponding period last year.
- Transportation, distribution and retail of LPG business : The decrease in revenue was due to the significant drop of international oil price, the downward adjustment of end price and more intense competition.
- Lottery agency business : Revenue was decreased over the corresponding period last year, which was due to the closing of stores incurring loss, thus resulted in the decrease of sale in lottery.
- Barreled drinking water business : The business was still in the initial stage and we are creating brand image actively.

Segment results:

- Piped gas business : The increase benefited from the increase in piped gas sold during the reporting period.
- Transportation, distribution and retail of LPG business : The loss was mainly due to the business restructuring and the disposal of LPG railway tanks, recording a net loss of approximately RMB10,072,000 on property, plant and equipment.
- Lottery agency business : The loss narrowed was due to reduced number of lottery stations, operating cost fell.
- Barreled drinking water business : The business was still in the initial stage, the loss was mainly due to the amortisation of intangible asset – water drawing permit and other operating costs. We are actively to expand the market and distribution channels to increase sales.
- Share of results of joint ventures/associates : It represented the share of profit from our joint ventures and associates 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 profit increased.
- Other income and expenses (net) : The increase was mainly the charge of the imputed interest of consideration payable amounting to approximately RMB5,576,000 for the six months ended 30 September 2015 (2014: nil).

Consolidated gross profit and gross profit margin

During the reporting period, our operating business realised a gross profit of approximately RMB112,616,000 in total, representing an increase of RMB16,455,000 or 17.1% as compared with the corresponding period last year. The consolidated gross profit margin was 26.3% (2014: 21.6%). The increase of consolidated gross profit margin was mainly due to the following: (1) On 28 February 2015, the National Development and Reform Commission (the “NDRC”) announced to rationalise non-residential gas prices and will equalise the price of stock natural gas and the city-gate price of incremental gas since 1 April. Due to the higher proportion of our incremental gas, the rising price increased the gross profit margin of our gas; (2) international oil prices plummeted since 2014, LPG suppliers in some areas even promoted sales with markdowns; and (3) we continue to develop new supply sources of gas, thus its competitive supply price lowered the procurement cost.

Liquidity and capital resources

At 30 September 2015, our cash and cash equivalents amounted to approximately RMB266,465,000 (31 March 2015: approximately RMB250,839,000), and the total borrowings amounted to approximately RMB213,510,000 (31 March 2015: approximately RMB213,821,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to total borrowings and equity attributable to owners of the Company, was 11.3% (31 March 2015: 11.9%).

Currently, the source of our operation and capital expenditures are operating cash flow, current assets and bank and other borrowings. We have enough capital to meet future capital expenditures, operational needs and debt repayment.

	At 30 September 2015 <i>RMB'000</i>	At 31 March 2015 <i>RMB'000</i>
Financial position		
Total assets	2,281,699	2,190,086
Current liabilities	256,950	269,703
Non-current liabilities	193,198	187,623
Equity attributable to owners of the Company	1,678,402	1,586,714
Non-controlling interests	153,149	146,046

Borrowing structure

At 30 September 2015, our total borrowings were approximately RMB213,510,000 (31 March 2015: approximately RMB213,821,000), 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 was applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings of approximately RMB3,360,000 (31 March 2015: approximately RMB7,250,000) which were secured by certain assets with carrying amount of approximately RMB4,957,000 (31 March 2015: approximately RMB44,609,000), others were unsecured. Short-term borrowings amounted to approximately RMB24,888,000 (31 March 2015: approximately RMB30,778,000), while others were long-term borrowings due after one year.

Capital structure

Our 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.

Foreign exchange risk

As all of our operations are in the PRC and substantially all of its revenues and expenses are denominated in Renminbi, there were no significant foreign exchange risks in its operation. We currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, from time to time, and adopt appropriate measures when necessary.

Capital and other commitments

At 30 September 2015, our capital and other commitments amounted to approximately RMB33,782,000 (31 March 2015: approximately RMB171,773,000), mainly attributable to running district gas pipelines construction and prepaid lease payments. Please refer to note 12 for details.

Contingent liabilities

At 30 September 2015, we had no material contingent liabilities.

EMPLOYEES

At 30 September 2015, we had approximately 1,700 employees, most of them were stationed in the PRC. We provided on-job training from time to time. The remuneration policy and packages of our employees are reviewed and approved by the Board upon consultations with the remuneration committee. In addition to pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

PROSPECTS

Piped gas business

The continuing decline of international oil price and the slowdown of domestic economic development caused a huge influence to the development of natural gas. As natural gas is a clean, high-quality energy and has an important role in optimising energy consumption structure of the PRC and improving atmospheric environment, the future trend of energy will continue to focus on natural gas. The “Energy Development Strategy Action Plan (2014-2020)”《能源發展戰略行動計劃(2014 – 2020年)》 proposed that by 2020, the proportion of coal among primary energy consumption in the PRC will be controlled at less than 62%, the proportion of natural gas among primary energy consumption will reach 10% or more, and the total length of natural gas major pipeline network will reach 120,000 km or more, while urban residents use natural gas basically. The PRC submitted an action target for tackling climate change to the Secretariat of United Nations Framework Convention on Climate Change this year, proposing that the emission of carbon dioxide per unit of GDP in 2030 will drop 60-65% based on 2005 figures. Recently, the “Certain Opinion of CPC Central Committee and State Council Concerning Promotion of Price Mechanism Reform”《中共中央國務院關於推進價格機制改革的若干意見》 released officially, in which a timetable and roadmap were constructed for the overall plan of natural gas price reform, aiming to accelerate the marketisation of natural gas and the reform of natural gas price. On 18 November 2015, the NDRC published the “Announcement on Reduction of Natural Gas Station Price for Non-domestic Use and Further Promotion of Price Marketisation Reform”《關於降低非居民用天然氣門站價格並進一步推進價格市場化改革的通知》, pursuant to which, the highest natural gas station price for non-domestic use was decreased by RMB0.7 per m³ since 20 November 2015. This adjustment further enhanced the marketisation of natural gas price. The significant price modification can directly relieve the burden on downstream industrial and commercial customers, effectively stimulate domestic consumption of natural gas, and we will also benefit from the decline in gas purchase costs and the growth of sales volume. In the future, through the support and guidance by a series of favourable national policies and planning, natural gas demand in the PRC will continue to grow rapidly driven by urbanisation progress, environmental protection and energy structure adjustment and other factors.

In the future, we will pay close attention to the trend of the macroeconomic situation and policy and the development of natural gas industry in order to update and adjust development strategy, strive to ensure the completion of our estimated business objectives and complete the strategy plan for our future development. We will explore the business area surrounding the centre of the existing piped gas projects and refine operation to reduce operating costs. We will continue to strengthen corporate management, ensure operation safety, reduce cost and enhance efficiency.

LPG business

The universal development of natural gas industry causes influences on LPG. However, throughout the trend of energy development of the PRC, LPG is still a relatively environmental-friendly energy form, still occupying an essential position in energy consumption market. Its apparent demand is on the rise, and the growth was accelerated in 2014. According to statistics, in 2014, the national apparent demand for LPG was approximately 28.60 million tons, representing a growth of approximately 12% over 2013.

There are profound reasons LPG still has a large room for development under the promotion of LPG usage in the PRC. First, the PRC continues to raise the adjustment of environmental protection and energy restructuring, thus the popularity of clean energy is imperative. However, LPG is still the first choice of clean energy in areas where natural gas pipelines cannot reach or gas pipelines contain high cost because of geographical, geological and other reasons. Second, with further improvement of living standards, strengthening of environmental awareness and urbanisation, more and more people will have the ability and willingness to get rid of old habits of energy consumption. LPG will be the best choice among substitutes of straw, firewood and other old energy. LPG still has a huge market space in this aspect. Third, LPG is a large-scale temporary urban supply strategic alternate energy. When facing severe natural disasters and other force majeure, if the urban gas supply facilities are damaged, supply of LPG can be restored in a short period. As a part of the city's popular energy, LPG will be used in the long term.

As mentioned above, LPG has possesses advantages such as absence of pipeline limitation, low cost, high efficiency, flexible in supply and environmental friendly. Hence, there is room for market growth in LPG industry in city borders, medium and small towns away from for natural gas pipeline network, and large scale rural areas with resident population accounting for over 45% of the total population in the PRC.

In the future, we will continue to carry out LPG research, seek business opportunities with insight, and respond quickly to seize the opportunity in order to enter new market. Meanwhile, we will continue to seek opportunities to cooperate with the government or other operators, integrate LPG market, standardise and stable the LPG target market so as to enhance more stable business profit for shareholders. In addition, with the establishment of LPG information technology management, we will improve the management level of the Group, prevent loss of assets, reduce operating costs, provide better services for our customers and create a more high-end corporate image.

Barreled drinking water business

In view of the rapid development of national economy and continuous improvement of people's living standards, the emergence of barreled drinking water has changed the way people long accustomed to drinking tap water. Barreled drinking water is easy to obtain, affordable, and welcomed by many units and families. According to a survey, over 76% urban households choose barreled drinking water. In addition to family users, corporate user is the main consumer group in barreled drinking water consumption market. It is expected that the sales of barreled drinking water will reach approximately 200 million tons in 2025. We will continue to follow quality standards and environmental hygiene regulations strictly accordance with national provisions for operation and production of quality assured water.

Lottery business

According to statistics of the Ministry of Finance, lottery sales in the PRC amounted to RMB271,899 billion from January to September 2015. Sales from welfare lotteries institutions were RMB148,944 billion, representing a year-on-year decrease of approximately RMB1.488 billion, or 1.0%. A higher growth rate of China's GDP and a low lottery amount per capita provide inherent growth momentum to lottery. Lottery Community Chest and occasional income tax have become important sources of government revenue, prompting the government to support the healthy development of the industry. Driven by the above factors, the development of domestic lottery market scale will continue in the future.

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

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

CORPORATE GOVERNANCE

The Company has committed to perform a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code of Corporate Governance Code ("CG Code") and Corporate Governance Report contained in Appendix 14 to the Listing Rules, as amended from time to time. As far as the CG Code 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 MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in 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 and policies as well as internal control adopted by the Group, and discussed judgmental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2015.

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

Beijing, 27 November 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. Fan Fangyi (Managing Director) and Miss Mo Yunbi, one Non-executive Director namely, Mr. Jin Song and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.