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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 2016**

FINANCIAL HIGHLIGHTS

- Revenue decreased by 1.44% to approximately RMB954.34 million.
- Loss for the year amounted to approximately RMB127.93 million, as compared with the profit of approximately RMB223.82 million for the year ended 31 March 2015.
- The loss is mainly due to the impairment loss recognised in respect of intangible assets and property, plant and equipment of approximately RMB315.65 million and RMB4.68 million respectively. Such impairment losses are non-cash item and one-off charge to the profit or loss.
- Without taking into account the impairment losses recognised in respect of intangible assets and property, plant and equipment, depreciation and amortisation, finance cost and income tax expense, the core profit of the Group for the year would be approximately RMB297.55 million, increased 2.47% when compared with last year.
- Basic loss per share for the year ended 31 March 2016 was RMB2.12 cents (2015: basic and diluted earnings per share of RMB3.32 cents).
- We do not recommend the payment of a final dividend (2015: 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 2016 together with the comparative figures for the corresponding year of 2015 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	2016 RMB'000	2015 <i>RMB'000</i>
Revenue	3	954,335	968,325
Cost of sales and services		(685,416)	(747,874)
Gross profit		268,919	220,451
Other gains and losses	4	(347,853)	(1,598)
Other income	5	9,972	9,989
Finance costs	6	(13,184)	(5,185)
Selling and distribution expenses		(74,239)	(62,152)
Administrative expenses		(117,515)	(91,218)
Share of results of associates		44,224	40,033
Share of results of joint ventures		131,954	140,918
(Loss) profit before tax		(97,722)	251,238
Income tax expense	7	(30,209)	(27,418)
(Loss) profit for the year	8	(127,931)	223,820
Other comprehensive expense for the year			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale investments		–	(3)
Reclassification adjustment of cumulative gain upon disposal of available-for-sale investments		(11)	–
Other comprehensive expense for the year		(11)	(3)
Total comprehensive (expense) income for the year		(127,942)	223,817
(Loss) profit for the year attributable to:			
Owners of the Company		(147,281)	204,050
Non-controlling interests		19,350	19,770
		(127,931)	223,820
Total comprehensive (expense) income attributable to:			
Owners of the Company		(147,292)	204,047
Non-controlling interests		19,350	19,770
		(127,942)	223,817
		RMB	RMB
(Loss) earnings per share	9		
– basic		(2.12) cents	3.32 cents
– diluted		N/A	3.32 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	<i>Notes</i>	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		542,574	495,273
Investment properties		13,200	13,800
Prepaid lease payments		58,040	53,474
Goodwill		14,051	12,353
Intangible assets		18,481	362,486
Interests in associates		130,039	125,052
Interests in joint ventures		787,783	655,829
Available-for-sale investments		12,810	9,733
Long-term deposits and other receivables		52,312	88,533
		1,629,290	1,816,533
Current assets			
Inventories		25,598	17,109
Trade, bills and other receivables and prepayments	<i>11</i>	85,757	101,615
Amount due from a joint venture		18,125	23
Prepaid lease payments		1,869	967
Bank balances and cash		305,147	253,839
		436,496	373,553
Current liabilities			
Trade and other payables	<i>12</i>	189,309	192,390
Tax liabilities		42,261	37,950
Amount due to a non-controlling interest of a subsidiary		656	1,737
Amount due to an associate		76	150
Amount due to a joint venture		5,389	6,698
Amount due to a former director		14,028	10,528
Bank and other borrowings	<i>13</i>	14,199	20,250
		265,918	269,703
Net current assets		170,578	103,850
Total assets less current liabilities		1,799,868	1,920,383

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i>
Capital and reserves			
Share capital		453,328	453,328
Reserves		986,094	1,133,386
		<u>1,439,422</u>	<u>1,586,714</u>
Equity attributable to owners of the Company			
Non-controlling interests		164,988	146,046
		<u>1,604,410</u>	<u>1,732,760</u>
Total equity			
Non-current liabilities			
Amount due to a former director		17,500	21,000
Consideration payable	<i>14</i>	173,386	162,043
Deferred tax liabilities		4,572	4,580
		<u>195,458</u>	<u>187,623</u>
		1,799,868	1,920,383
		<u>1,799,868</u>	<u>1,920,383</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus		Investment contribution RMB'000	Share-based compensation RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000		
				Contributed surplus RMB'000	reserve fund RMB'000									
				Deemed contribution RMB'000	revaluation reserve RMB'000									
At 1 April 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
(Loss) profit for the year	-	-	-	-	-	-	-	-	-	-	(147,281)	(147,281)	19,350	(127,931)
Reclassification adjustment of cumulative gain upon disposal of available-for-sale investments	-	-	-	-	-	-	-	(11)	-	-	-	(11)	-	(11)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	-	(11)	-	-	(147,281)	(147,292)	19,350	(127,942)
Appropriations	-	-	-	-	13,605	-	-	-	-	-	(13,605)	-	-	-
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(4,647)	(4,647)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,239	4,239
At 31 March 2016	453,328	944,616	2,086	92,665	77,270	26,628	7,721	(7)	-	7,175	(172,060)	1,439,422	164,988	1,604,410

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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” or “China”) 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 (“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 (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended to certain provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors’ reports, and to streamline with HKFRSs and have become effective for the financial year ended 31 March 2016. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 at the end of each reporting period.

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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 amendments to 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.

New and revised HKFRSs issued but not yet effective

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 ³
HKFRS 15	Revenue from contracts with customers ³
HKFRS 16	Leases ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from contracts with customers ³
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 7	Disclosure initiative ²
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018.

⁴ Effective for annual periods beginning on or after 1 January 2019.

⁵ Effective for annual periods beginning on or after a date to be determined.

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 Heng'an Civigas Co., Ltd. ("Tianjin Heng'an") and Tianjin Yun Ze De Biotechnology Ltd. ("Yun Ze De") are filling and sales of LPG and the production and sales of barreled drinking water. Accordingly, starting from the year ended 31 March 2015, the CODM reviews the financial performance of the production and sales of barreled drinking water separately from that of the other operating segments and results from production and sales of barreled drinking water is presented as a separate operating and reportable segment. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- (1) Provision of piped gas – construction of gas pipeline networks and provision of piped gas;
- (2) 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.

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 2016

	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	<u>578,556</u>	<u>372,312</u>	<u>636</u>	<u>2,831</u>	<u>954,335</u>
Segment profit (loss)	<u>110,564</u>	<u>(198,447)</u>	<u>(158,357)</u>	<u>(4,365)</u>	(250,605)
Unallocated income					6,064
Central administration costs					(16,175)
Share of results of associates					44,224
Share of results of joint ventures					131,954
Finance costs					<u>(13,184)</u>
Loss before tax					<u>(97,722)</u>

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	<u>529,872</u>	<u>434,923</u>	<u>65</u>	<u>3,465</u>	<u>968,325</u>
Segment profit (loss)	<u>75,499</u>	<u>22,286</u>	<u>(4,767)</u>	<u>(9,373)</u>	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					<u>(5,185)</u>
Profit before tax					<u>251,238</u>

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit (loss) earned by 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.

Segment assets and liabilities

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Segment assets		
Provision of piped gas	534,877	526,004
Transportation, distribution and retail of LPG	252,038	415,604
Production and sale of barreled drinking water	795	158,610
Lottery agency	8,673	10,470
	<hr/>	<hr/>
Total segment assets	796,383	1,110,688
Investment properties	13,200	13,800
Interests in associates	130,039	125,052
Interests in joint ventures	787,783	655,829
Available-for-sale investments	12,810	9,733
Bank balances and cash	305,147	253,839
Unallocated assets	20,424	21,145
	<hr/>	<hr/>
Consolidated assets	2,065,786	2,190,086
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Provision of piped gas	136,328	146,901
Transportation, distribution and retail of LPG	151,169	141,907
Production and sale of barreled drinking water	72,543	67,355
Lottery agency	37,149	35,421
	<hr/>	<hr/>
Total segment liabilities	397,189	391,584
Bank and other borrowings	14,199	20,250
Tax liabilities	42,261	37,950
Deferred tax liabilities	4,572	4,580
Unallocated liabilities	3,155	2,962
	<hr/>	<hr/>
Consolidated liabilities	461,376	457,326
	<hr/> <hr/>	<hr/> <hr/>

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 March												
Amounts included in measure of segment profit or loss or segment assets:												
Depreciation of property, plant and equipment	20,231	16,435	9,449	5,933	50	13	334	1,184	1,782	1,835	31,846	25,400
Impairment loss on property, plant and equipment recognised in profit or loss	-	-	4,679	-	-	-	-	-	-	-	4,679	-
Impairment loss on intangible assets recognised in profit or loss	-	-	175,607	-	140,045	-	-	-	-	-	315,652	-
(Gain) loss on disposal of property, plant and equipment	(1,260)	300	10,938	165	-	-	1	894	-	-	9,679	1,359
Amortisation of prepaid lease payments	600	285	790	336	-	-	172	172	-	-	1,562	793
Amortisation of intangible assets	917	919	9,366	2,341	18,070	4,518	-	-	-	-	28,353	7,778
Net allowances charged in respect of trade and other receivables	11	266	17,762	-	-	-	-	-	822	-	18,595	266
Capital expenditure in respect of prepaid lease payments	1,068	5,506	5,962	14,000	-	-	-	-	-	-	7,030	19,506
Capital expenditure in respect of property, plant and equipment	63,252	48,025	37,599	44,151	-	474	-	141	127	99	100,978	92,890
Capital expenditure in respect of intangible assets	-	-	-	187,314	-	162,633	-	-	-	-	-	349,947
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:												
Interests in associates	-	-	-	-	-	-	-	-	130,039	125,052	130,039	125,052
Interests in joint ventures	-	-	-	-	-	-	-	-	787,783	655,829	787,783	655,829
Share of results of associates	-	-	-	-	-	-	-	-	(44,224)	(40,033)	(44,224)	(40,033)
Share of results of joint ventures	-	-	-	-	-	-	-	-	(131,954)	(140,918)	(131,954)	(140,918)

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 2016 and 2015.

4. OTHER GAINS AND LOSSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	(9,679)	(1,359)
Impairment loss recognised in respect of property, plant and equipment	(4,679)	–
Impairment loss recognised in respect of intangible assets	(315,652)	–
Fair value changes of investment properties	(600)	200
Gain on disposal of available-for-sale investments	11	–
Net foreign exchange gain (loss)	1,341	(173)
Net allowances charged in respect of:		
– trade receivables	(17)	(229)
– other receivables	(18,578)	(37)
	<u>(347,853)</u>	<u>(1,598)</u>

5. OTHER INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Bank interest income	2,203	3,716
Dividend income from available-for-sale investments	2,188	336
Interest income from loans to non-controlling interests of subsidiaries	694	926
Rental income	706	693
Repair and maintenance services income	2,322	1,319
Sales of gas appliance, net	44	206
Government grant	98	62
Others	1,717	2,731
	<u>9,972</u>	<u>9,989</u>

6. FINANCE COSTS

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Imputed interest on consideration payable (<i>note 14</i>)	11,343	3,170
Interest on other borrowings wholly repayable within five years	765	251
Interest on bank borrowings wholly repayable within five years	1,076	1,764
	<u>13,184</u>	<u>5,185</u>

No borrowing costs capitalised during both years arose on the general borrowing pool.

7. INCOME TAX EXPENSE

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax:		
– Current tax	30,737	26,223
– (Over)underprovision in prior years	(520)	1,203
Deferred taxation	(8)	(8)
	<u>30,209</u>	<u>27,418</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% for both years, except 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 both years.

8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Staff costs		
Directors' emoluments	6,267	5,554
Other staff costs		
Salaries, allowances and benefits in kind	87,515	74,212
Retirement benefits scheme contributions	11,472	8,992
	<u>105,254</u>	<u>88,758</u>
Cost of inventories recognised as expenses	579,712	667,549
Auditor's remuneration	1,775	1,729
Depreciation of property, plant and equipment	31,846	25,400
Amortisation of prepaid lease payments	1,562	793
Amortisation of intangible assets (included in administrative expenses)	28,353	7,778
Operating lease payments in respect of rented premises	5,104	5,349
Contract cost recognised as expense in respect of gas connection construction contracts	<u>56,792</u>	<u>39,206</u>

9. (LOSS) EARNINGS PER SHARE

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company	<u>(147,281)</u>	<u>204,050</u>
	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share calculation	<u>6,944,954,136</u>	<u>6,142,680,163</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.

There are no dilutive potential shares for the year ended 31 March 2016.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2016 (2015: nil), nor has any dividend has been proposed since the end of the reporting period (2015: nil).

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	21,473	29,270
Less: Allowance for doubtful debts	(1,451)	(1,434)
	20,022	27,836
Bills receivables	690	19,010
Other receivables and prepayments	65,045	54,769
Total trade, bills and other receivables and prepayments	85,757	101,615

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 the end of the reporting period. 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 for sales of piped gas and the billing dates for work performed for construction contracts. 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.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
0 to 90 days	18,562	26,107
91 to 180 days	374	138
Over 180 days	1,086	1,591
Trade receivables	20,022	27,836
0 to 90 days	690	12,100
91 to 180 days	–	6,910
Bills receivables	690	19,010
Trade and bills receivables	20,712	46,846

As at 31 March 2016, included in other receivables, there are deposits and advance payment to suppliers of RMB16,779,000 (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 RMB6,800,000 (2015: RMB7,012,000) included in other receivables relating to loan to a non-controlling interest of a subsidiary, which is an investment holding company and its subsidiaries are engaged in the operation of LPG industry in the PRC, carried interest at 10% per annum and is repayable within one year. Interest income of RMB694,000 (2015: RMB926,000) is recognised as other income in profit or loss in current year.

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:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
0 to 90 days	21,924	22,091
91 to 180 days	4,117	2,247
Over 180 days	5,953	6,419
Trade payables	31,994	30,757
Advances received from customers for gas connection contracts	23,505	37,598
Piped gas customers deposits and other deposits received	43,232	39,860
Piped gas income received in advance	54,209	55,063
Accrued charges and other payables	36,369	29,112
Total trade and other payables	189,309	192,390

13. BANK AND OTHER BORROWINGS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Secured bank borrowings	–	5,000
Secured other borrowings	3,199	2,250
Unsecured bank borrowings	11,000	13,000
	14,199	20,250
Carrying amount repayable: Within one year or on demand	14,199	20,250

All secured and unsecured bank borrowings are floating rate borrowings of which interest rates are in the range of People's Bank of China plus 0.44% to 0.71% (2015: 1% to 1.01%) per annum.

The other borrowings are floating rate borrowings of which interest are carried at 4 times the interest rate at People's Bank of China per annum, which are ranging from 18.40% to 24.00% (2015: 24.00%) per annum, and repayable on demand.

Certain assets of the Group are pledged for the secured bank and other borrowings, details of which are set out in note 16.

14. 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 ("EBITDA") 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 during the year ended 31 March 2015. During the year ended 31 March 2016, RMB11,343,000 (2015: RMB3,170,000) imputed interest is recognised as finance costs in profit or loss.

15. CAPITAL AND OTHER COMMITMENTS

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitment		
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Property, plant and equipment	19,167	35,122
Prepaid lease payments	2,051	2,051
	<u>21,218</u>	<u>37,173</u>

At 31 March 2016, the Group had entered into an equity transfer agreement with the transferors of which one of the transferors is a connected person at the subsidiary level of the Company for acquisition of a subsidiary, the Group's committed amount is RMB22,190,000.

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

16. PLEDGE OF ASSETS

The Group pledged certain assets to an independent third party (2015: a bank and an independent third party) to secure certain other borrowings (2015: bank and other borrowings) of the Group. Carrying amounts of the assets pledged were as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Property, plant and equipment	186	39,843
Prepaid lease payments	4,594	4,766
	4,780	44,609

17. CONTINGENT LIABILITIES

At 31 August 2015, Beijing Civigas Co., Ltd. (“Beijing Civigas”), a wholly-owned subsidiary of the Company, together with the joint venture partner entered into a guarantee agreement with a bank, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favor of the bank for the loan of RMB100,000,000 granted to Fujian Province An Ran Gas Investment Co., Ltd. (“Fujian An Ran”) (as borrower), a joint venture of the Group. Details of this transaction are set out in the Company’s announcement dated 31 August 2015. Up to 31 March 2016, Fujian An Ran has drawn the whole facility line. In the opinion of the directors of the Company, the fair value of the financial guarantee contracts of the Group are insignificant at initial recognition after taking into consideration the possibility of the default of Fujian An Ran. Accordingly, no value has been recognised in the consolidated financial statements.

FINANCIAL HIGHLIGHTS

Items	For the year ended 31 March		Changes RMB'000
	2016 RMB'000	2015 RMB'000	
Revenue:			
Piped gas business	578,556	529,872	48,684
Transportation distribution & retail of LPG business	372,312	434,923	(62,611)
Lottery agency business	2,831	3,465	(634)
Barreled drinking water business	636	65	571
Total	<u>954,335</u>	<u>968,325</u>	<u>(13,990)</u>
Segment results:			
Piped gas business	110,564	75,499	35,065
Transportation distribution & retail of LPG business	(198,447)	22,286	(220,733)
Lottery agency business	(4,365)	(9,373)	5,008
Barreled drinking water business	(158,357)	(4,767)	(153,590)
Total	<u>(250,605)</u>	<u>83,645</u>	<u>(334,250)</u>
Share of results of associates	44,224	40,033	4,191
Share of results of joint ventures	131,954	140,918	(8,964)
Finance costs	(13,184)	(5,185)	(7,999)
Others	(10,111)	(8,173)	(1,938)
(Loss) profit before tax	<u>(97,722)</u>	<u>251,238</u>	<u>(348,960)</u>
Income tax expense	<u>(30,209)</u>	<u>(27,418)</u>	<u>(2,791)</u>
(Loss) profit for the year	<u>(127,931)</u>	<u>223,820</u>	<u>(351,751)</u>
(Loss) profit attributable to owners of the Company	<u>(147,281)</u>	<u>204,050</u>	<u>(351,331)</u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
(Loss) earnings per share			
Basic (<i>RMB cents per share</i>)	<u>(2.12)</u>	<u>3.32</u>	<u>(5.44)</u>
Diluted (<i>RMB cents per share</i>)	<u>N/A</u>	<u>3.32</u>	<u>N/A</u>

	For the year ended		Changes
	31 March		
Analysis of results:	2016	2015	
	RMB'000	RMB'000	RMB'000
(Loss) profit before tax	(97,722)	251,238	(348,960)
Adjustments for:			
Finance costs	13,184	5,185	7,999
Depreciation and amortisation	61,761	33,971	27,790
Impairment loss recognised in respect of intangible assets	315,652	–	315,652
Impairment loss recognised in respect of property, plant and equipment	4,679	–	4,679
Core profit	<u>297,554</u>	<u>290,394</u>	<u>7,160</u>
Breakdown as follows:			
The Group	121,376	109,443	11,933
Share of results of associates	44,224	40,033	4,191
Share of results of joint ventures	131,954	140,918	(8,964)
	<u>297,554</u>	<u>290,394</u>	<u>7,160</u>

Notes:

Revenue:

Piped gas business:

The slowdown of growth was due to the effect of macroeconomic downturn on some industrial and commercial (“C/I”) customers and the decline in energy demand reduced the use of gas, which offset the positive effect from the development of “coal to gas” customers.

Transportation, distribution and retail of LPG business:

The decrease was mainly due to the impact of weak international crude oil, substantial decline in selling price and more intense competition.

Lottery agency business:

The decrease was affected by the lottery industry regulatory development in China, leading to changes in market condition and business environment and resulting in regression of the gross lottery sales of China during the year.

Barreled drinking water business: Due to the “8.12” Tianjin explosion, the original business plan for barreled drinking water business has been postponed and delayed. The business was carried out less than a year, the share of sales is in cultivation.

Segment results:

Piped gas business: Benefited from the development of “coal to gas” customers, the growth of sales in Shaanxi and Chongqing regions were obvious, offsetting other regions affected by the macroeconomic downturn and reducing the use of gas, and driving the increase of the segment results.

Transportation, distribution and retail of LPG business: The loss was mainly due to (1) affected by the “8.12” Tianjin explosion, the construction progress of the LPG storage and distribution station located in Tianjin and the original business plan for the LPG business has been postponed and delayed. Impairment loss in respect of intangible asset (construction permission) of approximately RMB175,607,000 has been recognised in profit or loss based on the prudent principle; (2) the disposal of LPG railway tanks in relation to the business restructuring, recording an aggregated loss on disposal and impairment of approximately RMB15,617,000 on property, plant and equipment; and (3) the increase of amortisation of intangible assets.

Lottery agency business: The loss narrowed was due to reduced number of lottery stations, operating cost fell.

Barreled drinking water business: Due to the “8.12” Tianjin explosion, the original business plan for barreled drinking water business has been postponed and delayed. The current year sales was far behind the original business plan. Impairment loss in respect of intangible asset (water drawing permit) of approximately RMB140,045,000 has been recognised in profit or loss based on the prudent principle.

Share of results of joint ventures/associates:

It represented the share of profits 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.

BUSINESS REVIEW

For the year ended 31 March 2016, revenue of the Group amounted to approximately RMB954 million, representing a year-on-year decline of 1.44%, while loss for the year attributable to owners of the Company was approximately RMB147 million (2015: profit of approximately RMB204 million). Basic loss per share was RMB2.12 cents (2015: basic and diluted earnings per share: RMB3.32 cents). The overall gross profit margin of the Group was 28.18%, representing an increase of 5.41% as compared with last year. The increase of gross profit margin was mainly due to the reform of piped gas ladder gas price system and the widening of LPG sales price margin. The loss was mainly due to impairment losses recognised in respect of intangible assets and property, plant and equipment; the increase of amortisation of intangible assets and the allowances charged in respect of other receivables. Despite the natural gas market faced a huge challenge due to the influences of the decline in oil prices and macroeconomic weakness in 2015, the Group seized the opportunities of continuous promotion of the adjustment in energy structure, the process of green low-carbon urbanisation, low-energy consumption industrial development and environmental protection by the Chinese government. The volume of piped gas sales during the year have an increase of 4.14% as compared with last year. The volume of LPG sales have a year-on-year increase of 104.65%.

Piped gas business

As an efficient, low-carbon energy source, natural gas will definitely obtain unprecedented popularity and receive huge demand under continuous growth of China's urban population, sustainable economic development, continuous optimisation and adjustment of energy consumption structure and continuous implementation of atmospheric pollution control. We will actively comply with domestic energy situation, earnestly implement government policies, and continue to actively promote the development of piped gas business.

Piped gas business is our main business and source of income. During the year ended 31 March 2016, revenue of approximately RMB578,556,000 was recorded from piped gas business, representing a year-on-year increase of RMB48,684,000 (9.19%) over last year, which accounted for 60.62% (2015: 54.72%) of our total revenue. Gross profit margin maintained at around 25% to 30%. Except for our projects in Chongqing area which have yet to implement the ladder pricing system for residential gas, the residential gas of other piped gas projects have established ladder pricing system. The residential ladder pricing system allows the selling price of natural gas for residential customers to be gradually more reasonable. During this financial year, we seized the opportunity of "coal to gas" and actively promoted "coal to gas" to industrial customers. A number of "coal to gas" customers were developed under the piped gas projects in Chongqing and Shaanxi areas, in which the sales grew significantly. The current proportion of coal among primary energy consumption in China still accounts for approximately 64%, while natural gas accounts for only approximately 6%. As such, we believe that there is a large number of potential customers switching to natural gas in the future.

Gas connection

During this financial year, revenue from gas connection construction contracts was approximately RMB147,662,000, representing a growth of RMB42,024,000 or 39.78% over last year. Revenue from gas connection construction contracts represented approximately 25.52% (2015: 19.94%) of total revenue of piped gas business. There was addition of 183,680 units of household customers (of which controlling interests accounted for 27,921 units) this year, and addition of 2,632 units of C/I customers (of which controlling interests accounted for 665 units). At the end of the reporting period, the accumulated number of connected household customers was 1,154,248 units (of which controlling interests accounted for 294,497 units) and accumulated C/I customers was 9,302 units (of which controlling interests accounted for 5,046 units), representing a growth of 18.93% and 39.46% respectively over last year. The increase in revenue from gas connection construction contracts was benefited from the development of “coal to gas” customers.

Gas sales

During this financial year, revenue from gas sales was approximately RMB430,894,000, representing a growth of RMB6,660,000 or 1.57% over last year. Revenue from gas sales represented approximately 74.48% (2015: 80.06%) of total revenue of piped gas business. During the year ended 31 March 2016, our total piped gas sales was approximately 523.72 million cubic metres (“m³”) (of which controlling interests accounted for 220.67 million m³), representing a growth of 4.14% over last year. Among the total sales, 99.97 million m³ (of which controlling interests accounted for 68.67 million m³) were sold to the household customers, which represented a growth of 18.45% over last year; household gas consumption was relatively stable and was not affected by oil price volatility and macroeconomic impact. 423.75 million m³ (of which controlling interests accounted for 152.00 million m³) were sold to the C/I customers, which represented a growth of only 1.26% over last year. The reasons of the slowdown, in addition to year-on-year increase in the base of gas sales of C/I customers, were partly due to the effect of macroeconomic downturn on a number of customers, decline in energy demand and reduction in the use of gas. Besides, crude oil prices continued to fall leading to a substantial decline in alternative energy prices, resulting in increasing use of alternative energy sources and reduction in gas use of C/I customers who have products with relatively low added value and higher energy costs. These factors offsetted the increase in gas sales from the development of “coal to gas” customers.

Transportation, distribution and retail of LPG business

During the year, we continued to expand the territory of LPG business, and developed new projects through a variety of ways, such as acquisition, construction of gas stations, cooperation with original operators or local government bureaus. These projects expanded our markets in Yunnan, Guizhou, Hunan, Tianjin and other markets, in which we obtained the right to operate LPG business in main districts of Tianjin City, and entered into the Beijing LPG market this year. In addition, we placed great importance on the safety management and information construction of LPG business, actively established integrated information system so as to laid a foundation for improving management standard and core competitiveness, while the sound safety management system provided solid basis and scientific guidance for our safety management. We further improved management standard and provided quality and efficient customer service to create a more high-end corporate image.

Since the “8.12” explosion in Tianjin Port, the administrations of Tianjin City suspended subsequent approval processes for newly established LPG storage and distribution stations. Our previously approved Tianjin LPG project remained stagnant, and currently yet to complete. The original business plan for LPG business has been postponed and delayed. As the chemical and dangerous industry of Tianjin gradually back on track, we expect the construction of Tianjin LPG project can be resumed. We have changed the business strategies and obtained the right to operate LPG retail in main districts of Tianjin City, and the local LPG motorcade has been formed and commenced operation.

During the year ended 31 March 2016, sales of LPG was approximately 345,245 tons (of which controlling interests occupied 69,575 tons) in total, representing an increase of 104.65% over last year. During the year, revenue from transportation, distribution and retail of LPG accounted for approximately RMB372,312,000, representing a decrease of RMB62,611,000 or 14.40% over last year, and representing 39.01% (2015: 44.91%) of our total revenue.

Barreled drinking water business

In order to improve our economic efficiency and create more added value, we commenced production and sales of barreled drinking water business with the support of transportation network established by LPG business in Tianjin City and its customer resources and the water drawing qualification in Tianjin area. But affected by the “8.12” Tianjin explosion, the construction progress of the LPG storage and distribution station located in Tianjin and the original business plans for the LPG and barreled drinking water businesses have been postponed and delayed. Current year sales was far behind the original business plan. We are currently reviewing and adjusting the business strategies for barreled drinking water. Subsequent to the completion of LPG retail networks in main districts of Tianjin City, as well as the completion of marketing training of barreled drinking water, the sales of barreled drinking water would be increased.

Lottery agency business

We currently sell China Welfare Lottery in Shenzhen, China and an instant lottery called “Keno Games Lottery” which is exclusively available in Shenzhen. In 2015, the lottery industry regulatory development of China led to changes of market condition and business environment. The operation of internet lottery distribution channels was suspended since March 2015 (“Internet Suspension”), and the regulatory approval process of new lottery products and distribution channels was extended. The relevant authorities of China implemented the above changes with the aim to improve transparency of the industry and purge misconduct. As a result of the relevant regulatory development, the lottery market of China experienced a short-term resistance and total lottery sales declined over the year. In 2015, total sales of welfare lottery in the Chinese lottery market were approximately RMB142.3 billion, representing a decrease of 4% over 2014. Internet Suspension also affected traditional products (including lotto and number games) and high-frequency games. During this year, our lottery agency business generated revenue of approximately RMB2,831,000, representing a decrease of RMB634,000 or 18.30% over last year. Segment loss was approximately RMB4,365,000 (2015: RMB9,373,000). Under such circumstance, the Group intends to minimise its exposure and maximise the amount to be recovered. On 28 June 2016, the Group and Yongheng Development Corporation Limited and Yongheng Development Group (Shenzhen) Co., Ltd. (collectively as the “Purchasers”) entered into the equity transfer agreements to disposal the entire equity interests in Shenzhen Yongheng Le Cai Technology Development Limited (“Shenzhen Le Cai”); Shenzhen Yongheng Jin Cai Technology Development Limited and Shenzhen Cai Cai Le Electronic Entertainment Technology Development Limited (collectively as “Lottery Companies”) for the total consideration of RMB73,000,000, which shall be satisfied by the Purchasers as to (i) RMB20,000,000 in cash and in instalment and (ii) RMB53,000,000 settled through assumption of the debt of RMB53,000,000 owing by the Group to Shenzhen Le Cai. The directors of the Purchasers (Mr. Yang Songsheng and Mr. Yeung Paak Ching) are also directors of the Lottery Companies. Despite that the Purchasers are connected persons of the Company at the subsidiary level, the Lottery Companies is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, the Purchasers and their respective ultimate beneficial owners are not connected persons of the Company. As such, the Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details of disposal, please refer to the Company’s announcement dated 28 June 2016.

New projects during the reporting period

During the year ended 31 March 2016, we acquired/set up a total of two (2) piped gas and six (6) LPG projects. As at 31 March 2016, we managed a hundred projects in China. The new projects are located in regions with developed C/I sectors and promising prospects, therefore, the scale of our gas sales operation may further expand. In addition, the new projects are close to our current projects, which we may benefit from economies of scale and synergistic effect, and reduce operating costs. Some projects are located in new markets, which help us to enlarge our sales networks and capture market share. In the face of energy consumption structure adjustment and the advancement of urbanisation and industrialisation in China, we expect that there will be more opportunities for the new projects in the future.

FINANCIAL REVIEW

Liquidity and capital resources

As at 31 March 2016, the consolidated financial position of the Group is as follows:

	2016	2015	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	1,629,290	1,816,533	(187,243)
Current assets	436,496	373,553	62,943
Current liabilities	(265,918)	(269,703)	3,785
Non-current liabilities	(195,458)	(187,623)	(7,835)
	<u>1,604,410</u>	<u>1,732,760</u>	<u>(128,350)</u>
Equity attributable to owners of the Company	1,439,422	1,586,714	(147,292)
Non-controlling interests	164,988	146,046	18,942
	<u>1,604,410</u>	<u>1,732,760</u>	<u>(128,350)</u>

As at 31 March 2016, the bank balances and cash of the Group amounted to approximately RMB305,147,000 (2015: approximately RMB253,839,000), and the total borrowings amounted to approximately RMB219,113,000 (2015: approximately RMB213,821,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to borrowings and equity attributable to owners of the Company, was 13.21% (2015: 11.88%).

Operating cash flow before movements in working capital amounted to approximately RMB145,154,000, representing an increase of RMB39,264,000 or 37.08% over last year. Such increase was due to the increase in revenue from gas connection construction contracts, driven the increase in gross profit.

Net cash used in investing activities amounted to approximately RMB68,759,000, representing a decrease of RMB53,972,000 or 43.98% over last year. The decrease was mainly due to the decrease in capital expenditure during the year.

Net cash used in financing activities of approximately RMB18,546,000 (2015: net cash generated from financing activities of approximately RMB1,314,000), which was due to the repayment to a joint venture and no capital contribution from non-controlling interest of subsidiaries this year.

Borrowing structure

As at 31 March 2016, the total borrowings of the Group were approximately RMB219,113,000 (2015: approximately RMB213,821,000), which mainly comprised domestic bank and other borrowings denominated in Renminbi of the project companies in China; consideration payable and amount due to a former director. Bank and other borrowings are calculated by reference to the interest rate announced by the People's Bank of China plus certain basis point, mainly applying to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings amounted to approximately RMB3,199,000 (2015: approximately RMB7,250,000) which were secured by certain assets with carrying amount of approximately RMB4,780,000 (2015: approximately RMB44,609,000), others were unsecured. Short-term borrowings amounted to approximately RMB28,227,000 (2015: approximately RMB30,778,000), while others were long-term borrowings due after one year. Details of the capital and other commitments and pledge of assets are set out in notes 15 and 16 respectively.

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 China and substantially all of its revenue and expenses are denominated in Renminbi, there were no significant foreign exchange risk in its operation. In August 2015, the exchange rate of Renminbi fluctuated significantly, the directors noted that fluctuation of the exchange rate between Hong Kong dollar and Renminbi may lead to potential foreign exchange risk. 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

As at 31 March 2016, our capital and other commitments amounted to approximately RMB43,408,000 (2015: RMB57,773,000), mainly attributable to running district gas pipelines construction, prepaid lease payments and acquisition of a subsidiary.

Contingent liabilities

As at 31 August 2015, Beijing Civigas together with the joint venture partner entered into a guarantee agreement with a bank, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favor of the bank for the loan of RMB100,000,000 granted to Fujian An Ran (as borrower). Up to 31 March 2016, Fujian An Ran has drawn the whole facility line. Save as disclosed, as at 31 March 2016, we had no material contingent liabilities.

Event after the reporting period

The acquisition of Guizhou Province Zhenfeng County Ping'an Gas Co., Ltd. ("Zhengfeng Ping'an") has been completed on 1 April 2016 and regarded as an acquisition of business. The Group is in the process of estimating the fair value of net identifiable assets of Zhengfeng Ping'an with the assistance of an external valuer. As such, the financial impacts are not disclosed in the consolidated financial statements.

On 28 June 2016, the Group and the Purchasers entered into the equity transfer agreements to disposal the entire equity interests in Lottery Companies for the total consideration of RMB73,000,000.

Employees and remuneration policy

As at 31 March 2016, we had approximately 1,600 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities with the Group, business performance, profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

PROSPECTS

In 2015, the national GDP reached a year-on-year growth of 6.9% over last year, accomplishing the mission of "12th Five-Year Plan", and laying a solid foundation of "13th Five-Year Plan" for economic and social development and establishing moderately prosperous society. Year 2016 is a critical moment for the economic structural adjustment of China. The Chinese government adheres to the general objective of seeking progress amidst stability, continues to obtain innovative macro-control ideas and methods, further promotes structural reforms, strives to promote moderately high speed economic growth, and steps into middle to high-end standards. Adjustment and reform of domestic energy structure 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 Chinese government's attention and support. National level energy structure optimisation and environmental pollution control will be the main driving forces for natural gas consumption. In accordance with the "Energy Development Strategy Action Plan (2014-2020)" 《能源發展戰略行動計劃(2014-2020年)》 announced by the Office of the State Council, by 2020, the proportion of non-fossil energy among primary energy consumption will reach 15%, the proportion of natural gas will reach 10% or more, and the proportion of coal will be controlled at less than 62%. In October 2015, the "Proposal on Formulating the 13th Five-Year Plan on National Economic and Social Development" 《中共中央關於制定國民經濟和社會發展第十三個五年規劃的建議》 was endorsed at the Fifth Plenary Session of the 18th Central Committee, the current status of domestic air pollution was particularly concerned. In order to implement the air pollution prevention and control action plan, achieve certain important indicators by 2017 and accomplish the mission of green growth in the "13th Five-Year Plan", energy restructuring must be accelerated and the use of various clean energy, representing with natural gas, must be substantial increased. During the period of "13th Five-Year Plan" and the subsequent period, the proportion of coal consumption will be further reduced, while natural gas and non-fossil energy will continue to grow rapidly. With the encouragement and support of Chinese macro-economic policies and the national Energy Development Strategy, there is a good prospect for the development of the Group's natural gas industry.

Subsequent to the improvement of natural gas pricing mechanism by the NDRC in 2015, the marketisation of natural gas price is further enhanced. There is a larger space for independent pricing of both supply and demand sides, which benefit to agree mutually acceptable prices for both sides and help to increase natural gas sales. In addition, the use of ladder pricing system for residential gas will enhance the rationalisation of residential gas price margin and increase sales revenue of gas operating enterprises to a certain extent. In the future, we will actively respond to and implement national price reform policies, promote the continuous growth of the Group's natural gas sales business.

It is a major strategic decision for the energy development of China in the new era to vigorously develop and utilise natural gas, improve energy structure, reduce air pollution and achieve sustainable development. We understand the government's determination and firm standing to promote the use of natural gas and the reform of natural gas from the aforesaid policies. We will adapt to the situation, respond to the call, carefully implement government policies, increase our efforts to promote the utilisation of clean energy, and explore methods to improve the gas utilisation ratio in our markets. We believe that, with the encouragement of national favourable policies and our unremitting efforts, our piped gas business will continue to develop steadily, bringing considerable benefits to the shareholders.

Transportation, distribution and retail of LPG business

In 2015, the apparent consumption of LPG increased over last year, with annual total consumption of approximately 33.80 million tons, representing a year-on-year increase of 18.97%. The total domestic LPG import in 2015 was approximately 12.0881 million tons, representing a year-on-year increase of 70% over last year. The domestic LPG commodity supply in 2015 was approximately 21.7113 million tons, of which the major refinery LPG supply was approximately 14.6366 million tons, representing approximately 67.41% of the total supply; and the LPG supply of non-major LPG manufacturers comprising local refineries and gas processing enterprises was approximately 7.0747 million tons, representing approximately 32.59% of the total supply.

The main advantages of natural gas substituting LPG are low price and clean performance. In 2015, due to the pressure of low international crude oil price and domestic economic downturn, LPG market prices remained at low level, diminishing the advantage of natural gas price. In addition, the development of natural gas is restricted by pipeline transport and resource supply amount. LPG has a huge market potential in medium and small towns, large scale rural areas and city borders where natural gas pipelines cannot be reached. Under the urbanisation progress in China, the government's implementation of environment treatment measures, higher expectations for the quality of life and environment and growing urban and rural household income, demand for LPG continue to grow, creating huge potential for the growth.

LPG is a clean energy which can be used in different industries, and has a huge market for development in China. We will continue to carry out market research, seek more opportunities for development and cooperation, and constantly develop new types of business, operate new varieties of LPG, develop new markets; put full emphasis on LPG retail business, accelerate the establishment of terminal retail network, unify operation management model, unify gas source procurement, and enhance the advantages to improve the operating efficiency of the Group.

Barreled drinking water business

Barreled drinking water induces the revolution of drinking water, as the emergence of barreled water is in line with the healthy, safe drinking water demand of people who enjoy rising quality of life. Moreover, the lower prices of water dispenser, barrel, and other production equipment reduces the sales price of barreled water, and the market has been developed rapidly. With the rapid growth of domestic barreled water for several consecutive years, nowadays, the main consumption body of the drinking water industry market in China has gradually shifted from family to unit, site, and factory. On this occasion, we will adopt various marketing strategies to increase the Group's market share of barreled water and will ensure the efficient use of our existing resources to create more profit.

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 2016. 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 2016. 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 with management the consolidated financial statements of the Group for the year ended 31 March 2016, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

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 2016 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.

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

Beijing, 30 June 2016

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.