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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 2016**

FINANCIAL HIGHLIGHTS

Revenue from continuing operations for the Period was approximately RMB347 million, decreased RMB79 million or 18.68% as compared with corresponding same period last year. Such decrease was mainly due to the decline in gas demand for some industrial and commercial customers due to the macroeconomic downturn and downward adjustments on gas selling price.

Profit for the Period was approximately RMB129 million, increased RMB30 million or 30.52% as compared with corresponding same period last year. The increase was due to the disposal of lottery agency business realised a gain of approximately RMB54 million.

No dividend was declared for the Period.

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 2016 (“**Period**”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		(Unaudited)		
		Six months ended		
		30 September		
		2016	2015	
		<i>RMB'000</i>	<i>RMB'000</i>	
			(restated)	
Notes				
Continuing operations				
	Revenue	2	346,799	426,479
	Cost of sales and services		<u>(249,253)</u>	<u>(313,570)</u>
	Gross profit		97,546	112,909
	Other gains and losses	3	(9,605)	(8,759)
	Other income	4	10,684	6,472
	Finance costs	5	(6,364)	(6,227)
	Selling and distribution expenses		(39,591)	(33,268)
	Administrative expenses		(51,366)	(57,284)
	Share of results of associates		8,609	23,710
	Share of results of joint ventures		<u>75,293</u>	<u>75,281</u>
	Profit before tax		85,206	112,834
	Income tax expense	6	<u>(9,201)</u>	<u>(11,500)</u>
	Profit for the period from continuing operations	7	<u>76,005</u>	<u>101,334</u>
Discontinued operation				
	Profit (loss) for the period from discontinued operation	8	<u>53,435</u>	<u>(2,165)</u>
	Profit for the period		<u>129,440</u>	<u>99,169</u>
Other comprehensive income (expense) for the period				
Items that may be reclassified subsequently to profit or loss:				
	– Change in fair value of available-for-sale investments		1	(2)
	– Reclassification adjustment of cumulative gain upon disposal of available-for-sale investments		<u>–</u>	<u>(7)</u>
			<u>1</u>	<u>(9)</u>
	Total comprehensive income for the period		<u><u>129,441</u></u>	<u><u>99,160</u></u>

		(Unaudited)	
		Six months ended	
		30 September	
	Note	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (restated)
Attributable to:			
Owners of the Company			
– Profit from continuing operations		67,037	93,862
– Profit (loss) from discontinued operation		53,435	(2,165)
		<u>120,472</u>	<u>91,697</u>
Non-controlling interests			
– Profit from continuing operations		8,968	7,472
		<u>129,440</u>	<u>99,169</u>
Total comprehensive income attributable to:			
Owners of the Company		120,473	91,688
Non-controlling interests		8,968	7,472
		<u>129,441</u>	<u>99,160</u>
Earnings per share			
	9	<i>RMB</i>	<i>RMB</i>
From continuing and discontinued operations			
– basic and diluted		<u>1.73 cents</u>	<u>1.32 cents</u>
From continuing operations			
– basic and diluted		<u>0.97 cents</u>	<u>1.35 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

		At 30 September 2016 <i>RMB'000</i> (Unaudited)	At 31 March 2016 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		577,499	542,574
Investment properties		13,200	13,200
Prepaid lease payments		56,083	58,040
Goodwill		14,168	14,051
Intangible assets		27,440	18,481
Interests in associates		96,917	130,039
Interests in joint ventures		863,076	787,783
Available-for-sale financial investments		15,813	12,810
Long-term deposit and other receivables		36,023	52,312
		<u>1,700,219</u>	<u>1,629,290</u>
Current assets			
Inventories		26,480	25,598
Trade, bills and other receivables and prepayments	11	92,322	85,757
Amount due from a joint venture		20,482	18,125
Amount due from a non-controlling interests of a subsidiary		1,529	–
Prepaid lease payments		1,391	1,869
Bank balances and cash		302,925	305,147
		<u>445,129</u>	<u>436,496</u>
Current liabilities			
Trade and other payables	12	207,784	189,309
Tax liabilities		35,193	42,261
Amount due to a non-controlling interests of a subsidiary		–	656
Amount due to an associate		127	76
Amount due to a joint venture		91	5,389
Amount due to a former director		–	14,028
Consideration payable		168,594	–
Bank and other borrowings		16,000	14,199
		<u>427,789</u>	<u>265,918</u>
Net current assets		<u>17,340</u>	<u>170,578</u>
Total assets less current liabilities		<u><u>1,717,559</u></u>	<u><u>1,799,868</u></u>

	At 30 September 2016 RMB'000 (Unaudited)	At 31 March 2016 RMB'000 (Audited)
Capital and reserves		
Share capital	453,328	453,328
Reserves	<u>1,106,567</u>	<u>986,094</u>
Equity attributable to owners of the Company	1,559,895	1,439,422
Non-controlling interests	<u>153,096</u>	<u>164,988</u>
Total equity	<u>1,712,991</u>	<u>1,604,410</u>
Non-current liabilities		
Amount due to a former director	–	17,500
Consideration payable	–	173,386
Deferred tax liabilities	<u>4,568</u>	<u>4,572</u>
	<u>4,568</u>	<u>195,458</u>
	<u>1,717,559</u>	<u>1,799,868</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company											Non - controlling interests	Total
	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Deemed contribution	Capital contribution	Investment revaluation reserve	Other reserve	Retained earnings (accumulated losses)	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
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
Total 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 a subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,131	4,131
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(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>80,523</u>	<u>1,678,402</u>	<u>153,149</u>	<u>1,831,551</u>
At 1 April 2016 (audited)	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
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	120,472	120,472	8,968	129,440
Total other comprehensive income	-	-	-	-	-	-	-	1	-	-	1	-	1
Total comprehensive income for the period	-	-	-	-	-	-	-	1	-	120,472	120,473	8,968	129,441
Appropriations	-	-	-	-	2,963	-	-	-	-	(2,963)	-	-	-
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(20,860)	(20,860)
At 30 September 2016 (unaudited)	<u>453,328</u>	<u>944,616</u>	<u>2,086</u>	<u>92,665</u>	<u>80,233</u>	<u>26,628</u>	<u>7,721</u>	<u>(6)</u>	<u>7,175</u>	<u>(54,551)</u>	<u>1,559,895</u>	<u>153,096</u>	<u>1,712,991</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	(Unaudited)	
	Six months ended	
	30 September	
	2016	2015
	RMB'000	RMB'000
Net cash from operating activities	31,942	54,913
Net cash used in investing activities	(2,106)	(30,875)
Net cash used in financing activities	(32,058)	(11,412)
Net (decrease) increase in cash and cash equivalents	(2,222)	12,626
Cash and cash equivalents at beginning of the period	305,147	253,839
Cash and cash equivalents at end of the period	302,925	266,465
Analysis of balances of cash and cash equivalents		
Bank balances and cash	302,925	266,465

NOTES:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

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 2016.

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 HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The amendments to HKFRSs have been applied retrospectively or prospectively as required by the respective amendments. The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

2. 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.

The Group ceased the lottery agency business ("Discontinued Operation") upon the completion of disposal of a group of subsidiaries as described in note 8. Accordingly, the results of lottery agency business for the Period have been separately presented as Discontinued Operation in the condensed consolidated statement of profit or loss and other comprehensive income. The presentation of comparative financial information for the six months ended 30 September 2015 has been restated to conform to current period's presentation.

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 liquefied petroleum gas ("LPG") – the sale of LPG in bulk to wholesale customers and the retail of LPG to end user households, industrial and commercial customers; and
- (3) 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 2016

Continuing operations	Provision of piped gas	Transportation, distribution and retail of LPG	Production and sale of barreled drinking water	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	186,337	158,579	1,883	346,799
Segment (loss) profit	(508)	14,416	1,529	15,437
Unallocated income				1,995
Central administration costs				(9,764)
Share of results of associates				8,609
Share of results of joint ventures				75,293
Finance costs				(6,364)
Profit before tax from continuing operations				<u>85,206</u>

Continuing operations	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>	Total <i>RMB'000</i>
Other segment information				
Amounts included in the measure of segment results:				
Depreciation	10,778	4,749	25	15,552
Amortisation	942	351	-	1,293
				16,845
Unallocated depreciation and amortisation				980
Total				17,825
Loss on disposal of property, plant and equipment	248	159	-	407
Amounts regularly provided to the CODM but not included in the measure of segment results:				
Interests in associates				96,917
Interests in joint ventures				863,076
Share of results of associates				8,609
Share of results of joint ventures				75,293

For the six months ended 30 September 2015

Continuing operations	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>	Total <i>RMB'000</i>
Revenue from external customers	241,493	184,836	150	426,479
Segment profit (loss)	39,661	(5,552)	(9,249)	24,860
Unallocated income				3,648
Central administration costs				(8,438)
Share of results of associates				23,710
Share of results of joint ventures				75,281
Finance costs				(6,227)
Profit before tax from continuing operations				112,834

Continuing operations	Provision of piped gas	Transportation, distribution and retail of LPG	Production and sale of barreled drinking water	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

Other segment information

Amounts included in the measure of segment results:

Depreciation	8,878	4,105	25	13,008
Amortisation	708	5,123	9,035	14,866
				27,874
Unallocated depreciation and amortisation				810
Total				28,684
(Gain) loss on disposal of property, plant and equipment	(922)	10,023	-	9,101

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	75,281
	1,949,607

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the Period (2015: 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 2016. 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 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>
Provision of piped gas	568,544	534,877
Transportation, distribution and retail of LPG	251,940	252,038
Production and sale of barreled drinking water	1,233	795
Lottery agency	–	8,673
	<hr/>	<hr/>
Total segment assets	821,717	796,383
Investment properties	13,200	13,200
Interests in associates	96,917	130,039
Interests in joint ventures	863,076	787,783
Available-for-sale investments	15,813	12,810
Bank balances and cash	302,925	305,147
Unallocated assets	31,700	20,424
	<hr/>	<hr/>
Consolidated assets	2,145,348	2,065,786

Segment liabilities

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>
Provision of piped gas	162,843	136,328
Transportation, distribution and retail of LPG	135,461	151,169
Production and sale of barreled drinking water	75,390	72,543
Lottery agency	–	37,149
	<hr/>	<hr/>
Total segment liabilities	373,694	397,189
Bank and other borrowings	16,000	14,199
Tax liabilities	35,193	42,261
Deferred tax liabilities	4,568	4,572
Unallocated liabilities	2,902	3,155
	<hr/>	<hr/>
Consolidated liabilities	432,357	461,376

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 assets are located in the PRC. Accordingly, no geographical information is presented.

3. OTHER GAINS AND LOSSES

	(Unaudited) Six months ended 30 September	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	(407)	(9,101)
Gain on disposal of available-for-sale financial investments	–	11
Net allowances charged in respect of other receivables	(9,494)	–
Net foreign exchange gain	296	331
	(9,605)	(8,759)

4. OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Bank interest income	1,026	1,117
Dividend income from available-for-sale investments	–	2,184
Interest income from loan to a non-controlling interests of subsidiary	241	503
Interest income from loan to a joint venture	735	–
Rental income	656	346
Repair and maintenance services income	1,333	846
Government grant	4	51
Transportation income	5,959	976
Others	730	449
	10,684	6,472

5. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Imputed interest on consideration payable	5,966	5,576
Interest on bank borrowings wholly repayable within five years	398	651
	6,364	6,227

6. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax		
– current tax	9,181	12,412
– under (over) provision in previous periods	24	(908)
Deferred taxation	(4)	(4)
	9,201	11,500

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 period of six months ended 30 September 2016 and 2015.

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

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

	(Unaudited) Six months ended 30 September	
	2016 RMB'000	2015 RMB'000
Staff costs		
Directors' emoluments	3,636	3,240
Salaries, allowance and benefits in kind	46,958	41,143
Retirement benefits scheme contribution	6,547	5,556
	57,141	49,939
Cost of inventories recognised as expenses	210,854	275,144
Depreciation of property, plant and equipment	16,532	13,818
Amortisation of prepaid lease payments	691	690
Amortisation of intangible assets (included in administrative expenses)	602	14,176
Operating lease payments in respect of rented premises	3,072	2,014
Contract cost recognised as expense in respect of gas connection construction contracts	14,556	17,879

8. DISCONTINUED OPERATION

On 28 June 2016, Beijing Zhongmin Yongheng Investment Consultant Co., Ltd. (“**Zhongmin Yongheng**”), a wholly-owned subsidiary of the Company, and the Company (collectively as the “**Vendors**”) and Yongheng Development Corporation Limited and Yongheng Development Group (Shenzhen) Co., Ltd (collectively as the “**Purchasers**”) entered into equity transfer agreements, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase 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 be satisfied by the Purchasers as to (i) RMB20,000,000 in cash and in instalment to the Vendors and (ii) RMB53,000,000 settled through assumption of the debt owing by Zhongmin Yongheng to Shenzhen Le Cai. Upon the disposal of Lottery Companies, the Group discontinued its lottery agency business. The results of the Discontinued Operation for the Period are presented below:

	(Unaudited) Six months ended 30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,648	1,366
Cost of services	(1,427)	(1,659)
Gross profit (loss)	221	(293)
Other income	20	170
Finance costs	(204)	(371)
Administrative expenses	(776)	(1,671)
Loss before tax	(739)	(2,165)
Income tax expense	–	–
Loss for the period	(739)	(2,165)
Gain on disposal of subsidiaries	54,174	–
Profit (loss) for the period from discontinued operation	<u>53,435</u>	<u>(2,165)</u>

9. EARNINGS PER SHARE

The earnings per share is calculated based on the Group's profit attributable to owners of the Company and 6,944,954,136 ordinary shares in issue throughout the period of six months ended 30 September 2016 and 2015. There are no potentially dilutive shares outstanding for the period of six months ended 30 September 2016 and 2015.

	(Unaudited) Six months ended 30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) for the period attributable to owners of the Company:		
– continuing operations	67,037	93,862
– discontinued operation	53,435	(2,165)
	<u>120,472</u>	<u>91,697</u>

10. DIVIDEND

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

11. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>
Trade receivables	27,615	21,473
Less: allowance for doubtful debts	<u>(1,451)</u>	<u>(1,451)</u>
	26,164	20,022
Bill receivables	1,574	690
Other receivables and prepayments	<u>64,584</u>	<u>65,045</u>
Total	<u><u>92,322</u></u>	<u><u>85,757</u></u>

The Group allows its trade customers with credit periods normally ranging from 30 to 90 days and extending to 180 days for major customers. The bill receivables are matured within the range of 30 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 for sales of piped gas and the billing dates for work performed for construction contracts. The aged analysis of bill receivables at the end of the reporting period is presented based on the date of the Group's receipt of the bills:

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>
0 to 90 days	22,214	18,562
91 to 180 days	2,179	374
Over 180 days	<u>1,771</u>	<u>1,086</u>
Trade receivables	<u>26,164</u>	<u>20,022</u>
0 to 90 days	1,574	690
91 to 180 days	<u>–</u>	<u>–</u>
Bill receivables	<u>1,574</u>	<u>690</u>
Total trade and bill receivables	<u><u>27,738</u></u>	<u><u>20,712</u></u>

12. TRADE AND OTHER PAYABLES

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

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>
0 to 90 days	18,787	21,924
91 to 180 days	1,951	4,117
Over 180 days	5,980	5,953
	<hr/>	<hr/>
Trade payables	26,718	31,994
Advances received from customers for gas connection contracts	38,491	23,505
Piped gas customer deposits and other deposits received	40,979	43,232
Piped gas income received in advance	67,211	54,209
Accrued charges and other payables	34,385	36,369
	<hr/>	<hr/>
	207,784	189,309
	<hr/> <hr/>	<hr/> <hr/>

13. CAPITAL AND OTHER COMMITMENTS

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <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	19,215	19,167
Prepaid lease payments	2,051	2,051
	<hr/>	<hr/>
	21,266	21,218
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2016, the Group had entered into an equity transfer agreement with 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 was RMB22,190,000 as at 31 March 2016.

14. CONTINGENT LIABILITIES

At 31 August 2015, Beijing Civigas Co., Ltd. (“**Beijing Civigas**”), a wholly-owned subsidiary of the Company, together with the joint venture partner entered into a guarantee agreement with a bank, whereby Beijing Civigas and the joint venture partner have agreed to provide a joint and several corporate guarantee in favor of the bank for the loan of RMB100,000,000 granted to Fujian Province An Ran Gas Investment Co., Ltd. (“**Fujian An Ran**”) (as borrower), a joint venture of the Group. Details of this transaction are set out in the Company’s announcement dated 31 August 2015. Up to 30 September 2016, Fujian An Ran has drawn the whole facility line. In the opinion of the Directors, 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.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Board has resolved to grant a total of 208,000,000 award shares to certain Directors and employees on 27 July 2016. As the grant of award shares to the Directors constituted connected transactions of the Company, the award shares were approved by independent shareholders of the Company at the special general meeting held on 14 October 2016. Details of the award shares are set out in the circular of the Company dated 23 September 2016.

On 23 September 2016, the Board proposed to increase the authorised share capital of the Company from HKD560,000,000, divided into 7,999,999,999 shares, to HKD2,660,000,000.07, divided into 38,000,000,000 shares, by creating an additional 30,000,000,001 shares. The increase in authorised share capital was approved by the members in special general meeting of the Company dated 14 October 2016.

BUSINESS REVIEW

During the reporting period, we achieved good development in gas sales, customer development, new market exploration, technological innovation, etc. In respect of management, we further strengthened the functions of the operation management centre, moved the business management platform forward, and equipped more rational management functions. It fully leverages the initiative and enthusiasm of the project companies, laying a solid foundation for realising the efficiency improvement and efficient management of the Group.

Piped gas business

During the reporting period, we continued to provide customers with adequate gas supply and quality services, continued to implement proactive customer management policies, strengthened relationships with key customers, thus successfully maintained existing gas consumption. We also actively explored new customers, obtained income from gas connection while reserved future gas customers. We are actively implementing escalating gas price for household customers in the existing city gas projects, and the related work is in progress. With more projects implementing the escalating gas price mechanism, we believe that the price differences of natural gas sales among household customers will gradually be at a more reasonable level. In respect of commercial and industrial (“C/I”) customers, with the opportunities of gas price reduction, we continue to implement proactive customer management policies, strengthen relationships with key customers, communicate with customers on a regular basis to understand their needs and difficulties, and develop flexible pricing strategy in accordance with the price affordability of customers and the corresponding alternative energy prices.

During the Period, revenue of approximately RMB186,337,000 (2015: approximately RMB241,493,000) was recorded from our piped gas business, representing a year-on-year decrease of RMB55,156,000 (22.84%) over the corresponding same period last year, which accounted for 53.73% (2015: 56.62%) of our total revenue from continuing operations.

Gas connection

During the reporting period, revenue from gas connection construction contracts was approximately RMB34,386,000 (2015: approximately RMB47,331,000), representing a decrease of RMB12,945,000 (27.35%) over the corresponding same period last year. Revenue from gas connection construction contracts represented approximately 18.45% (2015: 19.60%) of total revenue of piped gas business.

During the reporting period, there was an addition of 8,085 units of our household customers and an addition of 369 units of C/I customers. As at 30 September 2016, there were an accumulated number of connected household customers of 313,951 units and accumulated C/I customers of 5,449 units, representing a growth of 12.32% and 15.79% respectively over the corresponding same period last year.

Gas sales

During the reporting period, revenue from gas sales was approximately RMB151,951,000 (2015: approximately RMB194,162,000), representing a decrease of RMB42,211,000 (21.74%) over the corresponding same period last year, which was mainly due to the macroeconomic downturn affecting certain C/I customers, reduction of demand for energy leading to reduction of gas consumption, downward adjustments in gas selling price and a major industrial customer suspended its work for rectification. Revenue from gas sales represented approximately 81.55% (2015: 80.40%) of total revenue of piped gas business. Total piped gas sales achieved a total of 84.93 million cubic meters (“m³”), representing a decline of 9.03% over the corresponding same period last year. Among the total sales, 25.60 million m³ were sold to the household customers, representing a growth of 1.63% over the corresponding same period last year; 59.33 million m³ were sold to the C/I customers, representing a decline of 12.97% over the corresponding same period last year.

Transportation, distribution and retail of LPG business

In accordance with the long-term planning of the national environment and air pollution control, we seized the favourable opportunity of the transition from traditional energy to clean energy. During the reporting period, we further consolidated the sales market of the developed regions with further extension and enhancement; while we constantly develop new projects through various methods to enter new markets.

In addition, we put effort on the LPG management information development of the Group, continue to develop and update management software, so as to keep improving management level and achieve more scientific and rational operation.

As always, we attach great importance to safety management. The Group has revised and improved its production safety management system, with emphasis on addition of safety education and safety inspection, and provided new safety standard guidance for each project companies.

During the reporting period, sales of LPG reached approximately 34,110 tons in total, representing a decrease of 1.72% over the corresponding same period last year. Revenue from LPG amounted to approximately RMB158,579,000 (2015: approximately RMB184,836,000) in total, representing a decrease of RMB26,257,000 (14.21%) over the corresponding same period last year. During the Period, revenue from transportation, distribution and retail of LPG accounted for approximately 45.73% (2015: 43.34%) of total revenue from continuing operations.

Barreled drinking water business

In order to enhance economic efficiency and create more added value, we carry out barreled drinking water sales business in Tianjin. During the reporting period, we actively adjusted the business strategy of barreled drinking water, vigorously developed the market, fully utilised the distribution network and customer resources of the LPG business in Tianjin, which contributed a substantial growth for the sales and amount of barreled drinking water.

Lottery agency business

In view of the loss and failure to meet the expected return of the lottery agency business, on 28 June 2016, the Group entered into equity transfer agreements with the Purchasers, to dispose the Lottery Companies (the “**Disposal**”) for the total consideration of RMB73,000,000, which was 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 owing by the Group to Shenzhen Le Cai. The Disposal recorded a gain of approximately RMB54,174,000. The cash proceeds from the Disposal will be utilised as general working capital of the Group, and the Group will also be able to capture new investment opportunities through the cash proceeds from the Disposal. For further details of the Disposal, please refer to note 8 and the announcement of the Company dated 28 June 2016.

NEW PROJECTS DURING THE REPORTING PERIOD

During the reporting period, we set up 8 new projects, including 1 piped gas and 7 LPG projects. The new projects mainly concentrate in Guizhou, Hunan, Jiangxi and Hubei, of which Hubei, Jiangxi are new markets. The new projects help us to expand our business territory.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

Items	For the six months ended 30 September		Variance
	2016 RMB'000	2015 RMB'000	RMB'000
Revenue:			
Continuing operations			
Piped gas business	186,337	241,493	(55,156)
Transportation, distribution and retail of LPG business	158,579	184,836	(26,257)
Barreled drinking water business	1,883	150	1,733
Total	346,799	426,479	(79,680)
Segment results:			
Piped gas business	(508)	39,661	(40,169)
Transportation, distribution and retail of LPG business	14,416	(5,552)	19,968
Barreled drinking water business	1,529	(9,249)	10,778
Total	15,437	24,860	(9,423)
Share of results of associates	8,609	23,710	(15,101)
Share of results of joint ventures	75,293	75,281	12
Other income and expenses (net)	(14,133)	(11,017)	(3,116)
Profit before tax	85,206	112,834	(27,628)
Income tax	(9,201)	(11,500)	2,299
Profit for the period from continuing operations	76,005	101,334	(25,329)
Profit (loss) for the period from discontinued operations	53,435	(2,165)	55,600
Profit for the period	129,440	99,169	30,271

Items	For the six months ended 30 September		Variance
	2016 RMB'000	2015 RMB'000	RMB'000
Attributable to owners of the Company:			
Profit from continuing operations	67,037	93,862	(26,825)
Profit (loss) from discontinued operations	53,435	(2,165)	55,600
	<u>120,472</u>	<u>91,697</u>	<u>28,775</u>
Profit before tax from continuing operations	85,206	112,834	(27,628)
Adjustments for:			
Finance costs	6,364	6,227	137
Depreciation and amortisation	17,825	28,684	(10,859)
Core profit	<u>109,395</u>	<u>147,745</u>	<u>(38,350)</u>
Breakdown as follows:			
The Group	25,493	48,754	(23,261)
Share of results of associates	8,609	23,710	(15,101)
Share of results of joint ventures	75,293	75,281	12
	<u>109,395</u>	<u>147,745</u>	<u>(38,350)</u>
Earnings per share			
From continuing operations and discontinued operations			
Basic and diluted (RMB cents per share)	<u>1.73 cents</u>	<u>1.32 cents</u>	<u>0.41 cents</u>
From continuing operations			
Basic and diluted (RMB cents per share)	<u>0.97 cents</u>	<u>1.35 cents</u>	<u>(0.38) cents</u>

Notes:

Revenue:

- Piped gas business : The decrease was mainly due to (1) the macroeconomic downturn on some C/I customers and the decline in energy demand reduced the use of gas; (2) downward adjustments on gas selling price in certain provinces and (3) a major industrial customer suspended its work for rectification.
- 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.
- Barreled drinking water business : Revenue from barreled drinking water shown increasing trend. The share of sales is in cultivation.

Segment results:

- Piped gas business : The turnaround was mainly due to the decrease in sales volume and amount of piped gas sold; the drop in revenue from gas connection contracts which was recognised by reference to the progress of construction and provision for impairment for other receivables.
- Transportation, distribution and retail of LPG business : The increase was mainly due to the decrease in amortisation charge after impairment loss recognised in respect of intangible assets for the year ended 31 March 2016 and the absence of loss of disposal of property, plant and equipment of approximately RMB10 million recognised in the corresponding same period last year.
- Barreled drinking water business: : The increase was due to the increase in revenue and the decrease in amortisation charge after impairment loss recognised in respect of intangible assets for the year ended 31 March 2016.
- Share of results of joint ventures/ associates** : Represented the share of profits from our joint ventures and associates which principally engaged in piped gas and transportation, distribution and retail of LPG in Fujian Province; Yunnan and Guizhou Provinces, respectively. The decrease was mainly due to the macroeconomic downturn on some customers affected their gas usage and the loss on disposal of LPG railway tanks in relation to the business restructuring.

Gross profit

During the Period, the continuing operations of the Group realised a gross profit of approximately RMB97,546,000 (2015: approximately RMB112,909,000) in total, representing a decrease of RMB15,363,000 as compared with corresponding same period last year. The overall gross profit margin was 28.13% (2015: 26.47%).

Liquidity and capital resources

As at 30 September 2016, the unaudited consolidated financial positions of the Group are as follows:

	At 30 September 2016 <i>RMB'000</i>	At 31 March 2016 <i>RMB'000</i>	Variance <i>RMB'000</i>
Non-current assets	1,700,219	1,629,290	70,929
Current assets	445,129	436,496	8,633
Current liabilities	(427,789)	(265,918)	(161,871)
Non-current liabilities	(4,568)	(195,458)	190,890
	<u>1,712,991</u>	<u>1,604,410</u>	<u>108,581</u>
Equity attributable to owners of the Company	1,559,895	1,439,422	120,473
Non-controlling interests	153,096	164,988	(11,892)
	<u>1,712,991</u>	<u>1,604,410</u>	<u>108,581</u>

As at 30 September 2016, the cash and cash equivalents of the Group amounted to approximately RMB302,925,000 (31 March 2016: approximately RMB305,147,000), and the total borrowings amounted to approximately RMB184,594,000 (31 March 2016: approximately RMB219,113,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to total borrowings and equity attributable to owners of the Company, was 10.58% (31 March 2016: 13.21%).

Borrowing structure

As at 30 September 2016, the total borrowings of the Group were approximately RMB184,594,000 (31 March 2016: approximately RMB219,113,000), which mainly comprised domestic bank borrowings denominated in Renminbi of the project companies in the PRC and consideration payable (31 March 2016: 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 borrowings are calculated by reference to the interest rate announced by the People's Bank of China plus certain basis point. The borrowings are mainly used for the application of gas pipelines construction, general working capital and operating expenses. Apart from the borrowings amounted to approximately RMB5,000,000 (31 March 2016: approximately RMB3,199,000) which were secured by assets with carrying amount of approximately RMB28,752,000 (31 March 2016: approximately RMB4,780,000), others were unsecured. Short-term borrowings amounted to approximately RMB184,594,000 (31 March 2016: approximately RMB28,227,000), while others were long-term borrowings due after one year.

Capital structure

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

Financial guarantee

As at 30 September 2016, the Group provided guarantee to a bank in respect of the grant of the loan amounted to RMB100,000,000 (31 March 2016: RMB100,000,000) to a jointly controlled entity. The loan facility has been utilised at the end of the reporting period.

Foreign exchange risk

As all of our operations are in China 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 the Group monitors the market trends of exchange rates closely, from time to time, and adopts appropriate measures when necessary.

Capital commitments

As at 30 September 2016, the capital commitments of the Group amounted to approximately RMB21,266,000, mainly attributable to running district gas pipelines construction and prepaid lease payments. Please refer to note 13 for details.

Contingent liabilities

As at 30 September 2016, save as disclosed in the section headed "Financial guarantee" above, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 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 of the Group and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus, share options or award shares as rewards for their outstanding performance.

In order to recognise the contributions made by the Directors and certain employees of the Group over years of their services, motivate them to be more proactive, initiative and creative in a challenging business environment, enhance the operating results and core competitiveness of the Group, and attract and retain talents who are beneficial to the continuing operations and development of the Group, the Board has resolved to grant a total of 208,000,000 award shares to certain Directors and employees on 27 July 2016. As the grant of award shares to the Directors constituted connected transactions of the Company, the award shares were approved by independent shareholders of the Company at the special general meeting held on 14 October 2016. Details of the award shares are set out in the circular of the Company dated 23 September 2016.

PROSPECTS

In 2016, the economic growth of China is reasonable and stable, industrial production structure optimizes continuously. Chinese economy is in a critical period for replacing old energy with new one, economic transformation and upgrade. The optimisation and adjustment of energy structure provide excellent opportunities for further development of gas industry.

Piped gas business

In accordance with the 13th Five-Year Plan, the Chinese government will continue to support the development of natural gas industry. As at the end of 2015, natural gas accounted for only 5.9% of primary energy consumption in China. China reiterated that the target proportion of natural gas consumption will reach 10% in 2020, and the target proportion of natural gas consumption will reach 15% in 2030.

In August 2016, the National Development and Reform Commission issued an announcement on seeking public comments for the “Measures for the Administration of the Price of Natural Gas Pipeline Transportation (Trial Implementation)” 《天然氣管道運輸價格管理辦法(試行)》 and the “Measures for the Supervision and Examination of the Pricing and Costs of Natural Gas Pipeline Transportation (Trial Implementation)” 《天然氣管道運輸定價成本監審辦法(試行)》. The announcement clearly indicates the new pricing method, in which the annual permitted total revenue and pipeline transportation price are determined in accordance with the principle of “permitted cost plus reasonable income”, on the basis of approved cost and through the supervision of permitted income of pipeline transport enterprises. This pricing method is conducive to the healthy development of pipeline transportation industry, and the development of downstream market would not be affected by lacking supervision of pipeline cos, thus further promoting the

market-oriented operation of natural gas market. Moreover, the National Development and Reform Commission issued “Notice on Strengthening Local Price Regulation of Natural Gas Transportation and Distribution and Reducing Gas Consumption Costs of Enterprises” 《關於加強地方天然氣輸配價格監管降低企業用氣成本的通知》 in August, which requires a comprehensive adjustment of natural gas price in every aspect, alleviating the burden of gas consumption enterprises, and lowering the cost of gas consumption enterprises, which is conducive to promote critical measures for sustainable and healthy development of natural gas industry.

In the future, the Group will fully consider the macroeconomic condition and the development trend of natural gas industry, establish and implement market-oriented enterprise development strategies and innovative measures for further exploration, so as to promote stable growth of city piped gas business, ensure the completion of the established annual business objectives of the Group, and formulate the future development strategic layout of the Group.

Transportation, distribution and retail of LPG business

LPG is widely known as green and clean energy. With its high calorific value, free of dust and carbon residue, easy to transport and operate, LPG has been widely accepted by ordinary families in China. In the 21st century, as the trend of energy diversification has become increasingly obvious, LPG has its unique distribution and market coverage advantages, which can complement with city piped gas, especially in the urban periphery and urban C/I customers with extensive market demand. LPG is a type of clean energy, which has a large space for development in deep processing and new rural development. With the improvement of the relevant supervisory institution and system in China, the phenomenon of over-competition, disorderly and vicious competition in the LPG industry will be effectively curbed. The upstream resource integration and technological progress of the industry will provide initiatives for the business model innovation of the LPG industry, thus enhancing further integration of the industrial chain. Therefore, we shall pay full attention to the development of LPG business, accelerate the construction of terminal retail network, fully utilise the opportunities brought by the national 13th Five-Year Plan to vigorously promote clean energy in order to seek more opportunities for development, market research, entering new markets, and expanding our business scope.

Barreled drinking water business

Barreled water triggered a revolution in drinking water. The emergence of barreled water is in line with the rising standard of living for people who demand for healthy and safe drinking water, and the market is developing rapidly. With the rapid growth of domestic barreled drinking water for the last few years, the major consumer in drinking water market in China has gradually changed from family to unit, enterprise, factory and etc. In the future, we will continue to be market-oriented, continuously adjust development strategies and sales strategies, ensure quality, provide quality and fast service, and constantly develop new business. We will fully utilise the network and customer resources of the Group’s LPG business, explore new customers, continue to expand the barreled drinking water business of the Group and improve its economic efficiency.

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 ("MODEL CODE")

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

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

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

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

Beijing, 25 November 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, and three Independent Non-executive Directors namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.