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 2017

FINANCIAL HIGHLIGHTS

– Revenue from continuing operations increased by 1.89% to approximately RMB969.52 million.

– Profit for the year ended 31 March 2017 amounted to approximately RMB228.50 million (2016: loss of approximately RMB127.93 million).

– The turnaround was mainly due to the impairment losses recognised in respect of intangible assets and property, plant and equipment in the aggregate amount of approximately RMB320.33 million for the year ended 31 March 2016. Such impairment losses were non-cash items and one-off charged to the profit or loss.

– Excluding the abovementioned impairment losses, depreciation and amortisation, finance costs, income tax expense and other non-cash items, the core profit of the Group for the year would be approximately RMB282.58 million (2016: approximately RMB300.21 million), represented a decrease of 5.87% when compared with last year.

– Basic and diluted earnings per share for the year ended 31 March 2017 were RMB2.96 cents (2016: basic loss per share of RMB2.12 cents).

– We do not recommend the payment of a final dividend (2016: 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 2017 together with the comparative figures for the corresponding year of 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2017

	Notes	2017 RMB'000	2016 RMB'000 (restated)
Continuing operations			
Revenue	3	**969,524**	951,504
Cost of sales and services		**(697,908)**	(682,266)
Gross profit		**271,616**	269,238
Other gains and losses	4	**(16,642)**	(347,852)
Other income	5	**11,604**	9,768
Finance costs	6	**(14,779)**	(12,419)
Selling and distribution expenses		**(84,800)**	(74,239)
Administrative expenses		**(108,679)**	(114,468)
Share of results of associates		**19,259**	44,224
Share of results of joint ventures		**129,773**	131,954
Profit (loss) before tax		**207,352**	(93,794)
Income tax expense	7	**(32,284)**	(30,209)
Profit (loss) for the year from continuing operations	8	**175,068**	(124,003)
Discontinued operation			
Profit (loss) for the year from discontinued operation	9	**53,433**	(3,928)
Profit (loss) for the year		**228,501**	(127,931)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustment of cumulative gain upon disposal of available-for-sale investments		**–**	(11)
Other comprehensive expense for the year		**–**	(11)
Total comprehensive income (expense) for the year		**228,501**	(127,942)

	Note	2017	2016
		RMB'000	*RMB'000*
			(restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
Profit (loss) from continuing operations		**152,462**	(143,353)
Profit (loss) from discontinued operation		**53,433**	(3,928)
		205,895	(147,281)
Non-controlling interests			
Profit from continuing operations		**22,606**	19,350
		228,501	(127,931)
Total comprehensive income (expense) attributable to:			
Owners of the Company			
Profit (loss) from continuing operations		**152,462**	(143,364)
Profit (loss) from discontinued operation		**53,433**	(3,928)
		205,895	(147,292)
Non-controlling interests			
Profit from continuing operations		**22,606**	19,350
		228,501	(127,942)
Earnings (loss) per share	*11*	***RMB***	*RMB*
From continuing and discontinued operations			
– basic		**2.96 cents**	(2.12) cents
– diluted		**2.96 cents**	N/A
From continuing operations			
– basic		**2.20 cents**	(2.06) cents
– diluted		**2.20 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**619,984**	542,574
Investment properties		**13,200**	13,200
Prepaid lease payments		**59,306**	58,040
Goodwill		**14,051**	14,051
Intangible assets		**26,825**	18,481
Interests in associates		**107,566**	130,039
Interests in joint ventures		**917,556**	787,783
Available-for-sale investments		**15,032**	12,810
Long-term deposits and other receivables		**31,844**	52,312
		1,805,364	1,629,290
Current assets			
Inventories		**21,401**	25,598
Trade, bills and other receivables and prepayments	*12*	**112,056**	85,757
Amount due from a joint venture		**24,556**	18,125
Prepaid lease payments		**1,494**	1,869
Bank balances and cash		**392,287**	305,147
		551,794	436,496
Current liabilities			
Trade and other payables	*13*	**216,352**	189,309
Tax liabilities		**41,635**	42,261
Amount due to a non-controlling interest of a subsidiary		**–**	656
Amount due to an associate		**299**	76
Amount due to a joint venture		**4,103**	5,389
Amount due to a former director		**–**	14,028
Consideration payable		**155,768**	–
Bank and other borrowings		**62,000**	14,199
		480,157	265,918
Net current assets		**71,637**	170,578
Total assets less current liabilities		**1,877,001**	1,799,868

	2017	2016
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**453,328**	453,328
Reserves	**1,203,848**	986,094
Equity attributable to owners of the Company	**1,657,176**	1,439,422
Non-controlling interests	**168,937**	164,988
Total equity	**1,826,113**	1,604,410
Non-current liabilities		
Amount due to a former director	**–**	17,500
Bank borrowings	**42,500**	–
Consideration payable	**–**	173,386
Deferred tax liabilities	**8,388**	4,572
	50,888	195,458
	1,877,001	1,799,868

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2017

	Attributable to owners of the Company													
	Share capital	**Share premium**	**Capital reserve**	**Contributed surplus**	**Surplus reserve fund**	**Deemed contribution**	**Capital contribution**	**Investment revaluation reserve**	**Share-based compensation reserve**	**Other reserve**	**(Accumulated losses)/ Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 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
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	205,895	205,895	22,606	228,501
Appropriations	–	–	–	–	17,898	–	–	–	–	–	(17,898)	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	–	12,212	–	–	12,212	–	12,212
Dividends paid to a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(23,310)	(23,310)
Acquisition of partial interests in a subsidiary	–	–	–	–	–	–	–	–	–	(353)	–	(353)	253	(100)
Capital injection from non-controlling interests of subsidiaries newly incorporated during the year	–	–	–	–	–	–	–	–	–	–	–	–	4,400	4,400
At 31 March 2017	453,328	944,616	2,086	92,665	95,168	26,628	7,721	(7)	12,212	6,822	15,937	1,657,176	168,937	1,826,113

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 and production and sale of barreled drinking water.

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.

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.

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

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 HKFRS 10, HKFRS 12 and Hong Kong Accounting Standard ("**HKAS**") 28	Investment entities: applying the consolidation exception
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 HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

Except as described below, 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.

Amendment to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 Disclosure Initiative in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and the new interpretation ("**INT**") that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC)-INT 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 and 1 January 2018, as appropriate.

The Company anticipates that the application of the new and amendments to HKFRSs and the new INT other than set out below, will have no material impact on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("**FVTOCI**"). All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, the Company anticipates that the adoption of HKFRS 9 in the future may have impact on the classification and measurement of the Group's financial assets and financial liabilities set out below:

- The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria).

- The expected credit loss model may result in early provision of credit losses which are not yet incurred to the Group's financial assets measured at amortised cost.

However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligation, principal versus agent consideration, as well as licensing application guidance.

The Directors are in the process of assessing the potential impacts of HKFRS 15 in respect of the Group's contracts with customers, in particular, the identification of performance obligations under HKFRS 15 and the allocation of total consideration to the respective performance obligations that will be based on relative fair values in respect of the Group's gas connection contracts, if any. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications amongst other. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16 by the Group, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of RMB8,274,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurements, presentation and disclosure as indicated above and prepaid lease payments in the consolidated statement of financial position will be reclassified as right-of-use assets. However, it is not practicable to provide a reasonable of the financial effect until the Group performs a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair value and; (v) other changes. The amendments apply prospectively for the Group's annual period beginning on 1 April 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

3 SEGMENT INFORMATION

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

The Group ceased the lottery agency business ("**Discontinued Operation**") upon the completion of disposal of a group of subsidiaries as described in note 9. Accordingly, the results of lottery agency business for the year ended 31 March 2017 have been separately presented as discontinued operation in the consolidated statement of profit or loss and other comprehensive income. The presentation of comparative financial information for the year ended 31 March 2016 has been represented to conform the current year's presentation.

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

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

(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; and

(3) Production and sale of barreled drinking water.

No operating segments have been aggregated to derive the reportable segments for segment information presentation.

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 2017

Continuing operations	**Provision of piped gas** *RMB'000*	**Transportation, distribution and retail of LPG** *RMB'000*	**Production and sale of barreled drinking water** *RMB'000*	**Total** *RMB'000*
Segment revenue from external customers	**536,555**	**424,081**	**8,888**	**969,524**
Segment profit	**53,452**	**39,714**	**6,274**	**99,440**
Unallocated income				**4,068**
Central administration costs				**(30,409)**
Share of results of associates				**19,259**
Share of results of joint ventures				**129,773**
Finance costs				**(14,779)**
Profit before tax from continuing operations				**207,352**

For the year ended 31 March 2016

Continuing operations	Provision of piped gas RMB'000	Transportation, distribution and retail of LPG RMB'000	Production and sale of barreled drinking water RMB'000	Total RMB'000 (restated)
Segment revenue from external customers	578,556	372,312	636	951,504
Segment profit (loss)	110,564	(198,447)	(158,357)	(246,240)
Unallocated income				6,064
Central administration costs				(17,377)
Share of results of associates				44,224
Share of results of joint ventures				131,954
Finance costs				(12,419)
Loss before tax from continuing operations				(93,794)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

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 (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. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Other segment information

Continuing operations	Provision of piped gas		Transportation, distribution and retail of LPG		Production and sale of barreled drinking water		Unallocated		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**22,327**	20,231	**9,818**	9,449	**50**	50	**1,782**	1,782	**33,977**	31,512
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
Impairment loss on goodwill recognised in profit or loss	**11,620**	–	**–**	–	**–**	–	**–**	–	**11,620**	–
Loss (gain) on disposal of property, plant and equipment	**218**	(1,260)	**2,523**	10,938	**–**	–	**–**	–	**2,741**	9,678
Amortisation of prepaid lease payments	**698**	600	**723**	790	**–**	–	**–**	–	**1,421**	1,390
Amortisation of intangible assets	**1,217**	917	**–**	9,366	**–**	18,070	**–**	–	**1,217**	28,353
Net reversal of allowances (allowance made) in respect of trade and other receivables	**(11)**	11	**2,788**	17,762	**–**	–	**150**	822	**2,927**	18,595
Capital expenditure in respect of prepaid lease payments	**5,867**	1,068	**4,433**	5,962	**–**	–	**–**	–	**10,300**	7,030
Capital expenditure in respect of property, plant and equipment	**96,811**	63,252	**17,782**	37,599	**–**	–	**368**	127	**114,961**	100,978
Capital expenditure in respect of intangible assets	**9,561**	–	**–**	–	**–**	–	**–**	–	**9,561**	–
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:										
Interests in associates	**–**	–	**–**	–	**–**	–	**107,566**	130,039	**107,566**	130,039
Interests in joint ventures	**–**	–	**–**	–	**–**	–	**917,556**	787,783	**917,556**	787,783
Share of results of associates	**–**	–	**–**	–	**–**	–	**(19,259)**	(44,224)	**(19,259)**	(44,224)
Share of results of joint ventures	**–**	–	**–**	–	**–**	–	**(129,773)**	(131,954)	**(129,773)**	(131,954)

Geographical information

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

Information about major customers

None of the customers contributed over 10% of the total revenue of the Group during the years ended 31 March 2017 and 2016.

4. OTHER GAINS AND LOSSES

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Loss on disposal of property, plant and equipment	**(2,741)**	(9,678)
Impairment loss recognised in respect of property, plant and equipment	**–**	(4,679)
Impairment loss recognised in respect of intangible assets	**–**	(315,652)
Impairment loss recognised in respect of goodwill	**(11,620)**	–
Fair value changes of investment properties	**–**	(600)
(Loss) gain on disposal of available-for-sale investments	**(62)**	11
Net foreign exchange gain	**708**	1,341
Net reversal of allowances (allowance made) in respect of:		
– trade receivables	**11**	(17)
– other receivables	**(2,938)**	(18,578)
	(16,642)	(347,852)

5 OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Bank interest income	**2,587**	2,203
Dividend income from available-for-sale investments	**63**	2,188
Interest income from loans to non-controlling interests of subsidiaries	**241**	694
Interest income from loan to a joint venture	**1,241**	–
Rental income	**880**	706
Repair and maintenance services income	**2,825**	2,322
Sales of gas appliance, net	**2,162**	44
Government grant	**450**	98
Others	**1,155**	1,513
	11,604	9,768

6. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Imputed interest on consideration payable	**12,137**	11,343
Interest on bank borrowings	**2,642**	1,076
	14,779	12,419

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

7. INCOME TAX EXPENSE

	2017 *RMB'000*	2016 *RMB'000* (restated)
PRC Enterprise Income Tax:		
– Current tax	**31,924**	30,737
– Under (over) provision in prior years	**500**	(520)
Deferred taxation	**(140)**	(8)
	32,284	30,209

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. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

Profit (loss) for the year from continuing operations has been arrived at after charging:

	2017 *RMB'000*	2016 *RMB'000* (restated)
Staff costs		
Directors' emoluments	**13,812**	6,267
Other staff costs		
Salaries, allowances and benefits in kind	**95,567**	86,006
Share-based payments	**5,106**	–
Retirement benefits scheme contributions	**12,658**	11,380
	127,143	103,653
Cost of inventories recognised as expenses	**584,538**	576,562
Auditor's remuneration	**2,255**	1,775
Depreciation of property, plant and equipment	**33,977**	31,512
Amortisation of prepaid lease payments	**1,421**	1,390
Amortisation of intangible assets (included in administrative expenses)	**1,217**	28,353
Operating lease payments in respect of rented premises	**8,233**	4,380
Contract cost recognised as expense in respect of gas connection construction contracts	**62,478**	56,792

9. 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**"), which were held by a director of Shenzhen Le Cai (as defined below) who regard as connected persons at the subsidiary level of the Company, entered into equity transfer agreements, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase the entire equity interest in Shenzhen Yongheng Le Cai Technology Development Limited ("**Shenzhen Le Cai**"); Shenzhen Yongheng Jin Cai Technology Development Limited ("**Shenzhen Jin Cai**") and Shenzhen Cai Cai Le Electronic Entertainment Technology Development Limited ("**Cai Cai Le**"), wholly-owned subsidiaries of the Company (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 all the shareholder's loan and other debts owing by Zhongmin Yongheng to Shenzhen Le Cai ("**Debt**"). The disposal of the Lottery Companies was effected in order to minimise the Company's exposure on the short term difficulties to the PRC lottery market which resulted from the current regulatory development of the PRC lottery industry. Upon the disposal of Lottery Companies completed on 30 June 2016, the Group discontinued its lottery agency business. The profit (loss) for the period/year from the Discontinued Operation is presented below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated as a discontinued operation.

	Period from 1 April 2016 to 30 June 2016 (date of disposal) ***RMB'000***	Year ended 31 March 2016 *RMB'000*
Loss for the period/year from the discontinued operation	**(741)**	(3,928)
Gain on disposal of Lottery Companies	**54,174**	–
	53,433	(3,928)

The results of the discontinued operation for the period from 1 April 2016 to 30 June 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period from 1 April 2016 to 30 June 2016 (date of disposal) *RMB'000*	Year ended 31 March 2016 *RMB'000*
Revenue	**1,648**	2,831
Cost of sales and services	**(1,427)**	(3,150)
Gross profit (loss)	**221**	(319)
Other gains and losses	**–**	(1)
Other income	**20**	204
Finance costs	**(204)**	(765)
Administrative expenses	**(778)**	(3,047)
Loss before tax	**(741)**	(3,928)
Income tax expense	**–**	–
Loss for the period/year from discontinued operation	**(741)**	(3,928)

Loss for the period/year from the discontinued operation including the following:

	Period from 1 April 2016 to 30 June 2016 (date of disposal) *RMB'000*	Year ended 31 March 2016 *RMB'000*
Staff costs		
Salaries, allowances and benefits in kind	**424**	1,509
Retirement benefits scheme contributions	**24**	92
	448	1,601
Depreciation of property, plant and equipment	**77**	334
Loss on disposal of property, plant and equipment	**–**	1
Amortisation of prepaid lease payments	**57**	172

No charge or credit arose on gain on discontinuance of the operation.

	RMB'000
Consideration received:	
Cash received	17,000
Deferred cash consideration	3,000
Assignment of Debt to Purchasers	53,000
Total consideration	73,000
Gain on disposal of the disposed group:	
Consideration received and receivable	73,000
Net asset disposed of	(18,826)
Gain on disposal	54,174

Details of the net assets of the disposal group disposed of during the year are as follows:

	30 June 2016 RMB'000
Property, plant and equipment	299
Prepaid lease payments	4,538
Long-term deposit	1,500
Bank balances and cash	176
Trade and other receivables and prepayments	790
Amount due from Zhongmin Yongheng	53,000
Trade and other payables	(6,339)
Amount due to a former director	(31,528)
Other borrowings	(3,610)
Net assets disposed of	18,826

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2017 (2016: nil), nor has any dividend has been proposed since the end of the reporting period.

11. EARNINGS (LOSS) PER SHARE

From continuing operations

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

	2017	2016
	RMB'000	*RMB'000*
Earnings (loss)		
Profit (loss) for the year attributable to the owners of the Company	**205,895**	(147,281)
Less: Profit (loss) for the year from the discontinued operation	**53,433**	(3,928)
Earnings (loss) for the purposes of basis and diluted earnings (loss) per share (2016: basic loss per share) from continuing operations	**152,462**	(143,353)

	2017	2016
Number of shares		
Number of ordinary shares for the purpose of basic earnings (loss) per share	**6,944,954,136**	6,944,954,136
Effect of dilutive potential ordinary shares:		
Award Shares	**314,391**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**6,945,268,527**	

From continuing and discontinued operations

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

	2017	2016
	RMB'000	*RMB'000*
Earnings (loss)		
Profit (loss) for the year attributable to the owners of the Company for the purposes of basic and diluted earnings (loss) per share (2016: basic loss per share)	**205,895**	(147,281)

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

The denominators used are the same as these detailed above for basic and diluted earnings (loss) per share from continuing and discontinued operations.

From discontinued operation

Basic earnings per share from discontinued operation is RMB0.76 cents per share (2016: loss per share from discontinued operation was RMB0.06 cents per share) and diluted earnings per share from the discontinued operation is RMB0.76 cents per share (2016: n/a), based on the profit for the year from discontinued operation of RMB53,433,000 (2016: loss from discontinued operation of RMB3,928,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

12. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**45,473**	21,473
Less: Allowance for doubtful debts	**(1,440)**	(1,451)
	44,033	20,022
Bills receivables	**1,075**	690
Other receivables and prepayments	**66,948**	65,045
Total trade, bills and other receivables and prepayments	**112,056**	85,757

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.

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**39,608**	18,562
91 to 180 days	**2,671**	374
Over 180 days	**1,754**	1,086
Trade receivables	**44,033**	20,022
0 to 90 days	**1,075**	690
Bills receivables	**1,075**	690
Trade and bills receivables	**45,108**	20,712

The trade receivables with carrying amount of RMB42,279,000 (2016: RMB18,936,000) are neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are considered recoverable.

The Group has policies for allowance of bad and doubtful debts which are based on the evaluation of collectability and age analysis of accounts and on the management's judgment including the past collection history of each customer. Before accepting any new customer, the Group uses a system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a regular basis.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,754,000 (2016: RMB1,086,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 210 days (2016: 210 days).

13. 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:

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**26,886**	21,924
91 to 180 days	**3,473**	4,117
Over 180 days	**5,683**	5,953
Trade payables	**36,042**	31,994
Advances received from customers for gas connection contracts	**14,175**	23,505
Piped gas customers deposits and other deposits received	**44,408**	43,232
Piped gas income received in advance	**71,206**	54,209
Accrued charges and other payables	**50,521**	36,369
Total trade and other payables	**216,352**	189,309

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2017, revenue from continuing operations of the Group amounted to approximately RMB970 million, representing a year-on-year increase of 1.89%, while profit for the year was approximately RMB229 million (2016: loss of approximately RMB128 million). Basic and diluted earnings per share from continuing operations were RMB2.20 cents (2016: basic loss per share of RMB2.06 cents). The overall gross profit margin of the Group was 28.02%, representing a slightly decrease of 0.28% as compared with last year.

The turnaround was mainly due to (1) the impairment losses recognised in respect of intangible assets and property, plant and equipment in the aggregate amount of approximately RMB320 million in the previous year, while there are no such non-recurring items this year; (2) the reduction of the amortisation charged to profit or loss this year as the impairment of the related intangible assets has been previously charged; and (3) recognition of gain on disposal of lottery agency business of approximately RMB54 million.

Piped gas business

Piped gas business is our main business and our main source of income. During the year ended 31 March 2017, revenue of approximately RMB536,555,000 was recorded from our piped gas business, representing a year-on-year decrease of RMB42,001,000 (7.26%) over last year, which accounted for 55.34% (2016: 60.80%) of our total revenue from continuing operations. For the year ended 31 March 2017, the overall gross profit margin of piped gas business was 26.34% (2016: 29.66%).

In order to deepen the marketisation of natural gas price, change the diminishing situation of household gas prices, and alleviate the commercial and industrial ("**C/I**") price burden, the National Development and Reform Commission ("**NDRC**") announced the implementation of the residential gas ladder pricing system. At present, the gas ladder pricing system has been established for household served by the piped gas project companies of the Group. In 2016, a variety of pricing has been gradually opened, which further promoted the marketisation of natural gas price and greatly stimulated the demand for natural gas, providing favourable conditions for the development of the downstream urban gas industry. We kept up with development situation, focused on increasing the sales of piped gas business, while at the same time paid more attention to provide and protect existing customers with quality services and gas safety, improved customer management system, actively developed new connected customers, strengthened the segment management functions of each operation centre, and achieved scientific management, so as to provide wider range of customers with high-quality piped gas services.

Gas connection

For the year ended 31 March 2017, revenue from gas connection construction contracts was approximately RMB138,641,000, representing a decline of RMB9,021,000 or 6.11% over last year. Gross profit margin for gas connection was 52.98% (2016: 55.94%). Revenue from gas connection construction contracts represented approximately 25.84% (2016: 25.52%) of total revenue of piped gas business. There was addition of 35,830 units of household customers this year, and addition of 881 units of C/I customers. At the end of the reporting period, the accumulated number of connected household customers was 330,327 units; and the accumulated number of connected C/I customers was 5,927 units, representing a growth of 12.17% and 17.46% respectively over last year.

Gas sales

For the year ended 31 March 2017, revenue from gas sales was approximately RMB397,914,000, representing a decline of RMB32,980,000 or 7.65% over last year. Revenue from gas sales represented approximately 74.16% (2016: 74.48%) of total revenue of piped gas business. Gross profit margin for gas sales was 17.06% (2016: 20.65%). During the year ended 31 March 2017, our total piped gas sales was approximately 220.06 million cubic metres ("**m^3**"), which was overall balanced with last year. Among the total sales, 70.84 million m^3 were sold to household customers, which represented a growth of 3.16% over last year; 149.22 million m^3 were sold to C/I customers, which represented a decline of 1.83% over last year. The constant increase in gas sales of household customers was due to the gradual use of natural gas by the newly connected household customers. The slowdown in gas sales of C/I customers was due to the effect of macroeconomic downturn on some C/I customers, and the reduction of gas utilisation brought by declining energy demand.

Transportation, distribution and retail of LPG business

During the reporting period, we consolidated the existing sales market, integrated with the local market situation, and fully satisfied various retail and distribution needs of existing customers. At the same time, we continued to develop the peripheral regions of the sales market and developed new projects through acquisition, new gas station construction and other methods for continuous market expansion. We strived to advance the information technology of the Group, and established information management system, including the establishment of customer service call centre and steel cylinder management system. We also used information communication technology and internet platform to transform traditional gas logistics and distribution, which consistently enhanced the management level and core competitiveness of the Group. In addition, we continuously improved the safety production management system of the segment management company, gradually established and improved safety production and management system, focused on safety education and security checks to achieve safety management personnel specialisation and enterprise management standardisation.

During the year ended 31 March 2017, sales of LPG was 82,969 tons in total, representing an increase of 19.25% over last year. Revenue from transportation, distribution and retail of LPG accounted for approximately RMB424,081,000, representing an increase of RMB51,769,000 or 13.90% over last year, and representing 43.74% (2016: 39.13%) of our total revenue from continuing operations. The gross profit margin for LPG business was 28.74% (2016: 26.23%). The increase in sales volume and revenue were due to the greater growth of LPG business in Beijing-Tianjin region.

Barreled drinking water business

We carry out barreled drinking water business with Tianjin region as the centre and expand to the peripheral areas, make full use of existing terminal retail sales channels of LPG, and combine with existing logistics and distribution network to achieve multi-effect use and create more wealth value for the Group. During the reporting period, we actively developed new markets, continued to adjust business strategy to cope with market conditions, actively implemented multi-directional publicity to explore more potential customers, established a good brand image, and achieved significant and stable sales volume growth.

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 entire equity interests of Shenzhen Le Cai, Shenzhen Jin Cai and Cai Cai Le for the total consideration of RMB73,000,000 (the "**Disposal**"), which was satisfied by the Purchasers as to (i) RMB20,000,000 in cash and in instalment and (ii) RMB53,000,000 settled through assignment of the Debt to a Purchaser The Disposal recorded a gain of approximately RMB54,174,000. The cash proceeds from the Disposal was utilised as general working capital of the Group. For further details of the Disposal, please refer to note 9 of this announcement and the announcement of the Company dated 28 June 2016 respectively.

New projects during the reporting period

During the reporting period, we acquired/set up a total of 1 piped gas and 8 LPG projects. As at 31 March 2017, we managed 106 projects in China, which are mainly located in Chongqing, Tianjin, Sichuan, Yunnan, Hunan, Hubei, Jiangxi, Shaanxi, Guizhou, Guangxi and Fujian provinces. The local industry and commerce of such regions are more developed with exciting prospects, as we can further expand the scale of our sales. In the face of energy structure adjustment of China, and the advance of urbanisation and industrialisation, we expect the continuous emergence of new project opportunities in the future.

FINANCIAL HIGHLIGHTS

Items	For the year ended 31 March 2017 *RMB'000*	 2016 *RMB'000*	Changes *RMB'000*
Revenue from continuing operations:			
Piped gas business	**536,555**	578,556	**(42,001)**
Transportation, distribution & retail of LPG business	**424,081**	372,312	**51,769**
Barreled drinking water business	**8,888**	636	**8,252**
Total	**969,524**	951,504	**18,020**
Segment results of continuing operations:			
Piped gas business	**53,452**	110,564	**(57,112)**
Transportation, distribution & retail of LPG business	**39,714**	(198,447)	**238,161**
Barreled drinking water business	**6,274**	(158,357)	**164,631**
Total	**99,440**	(246,240)	**345,680**
Share of results of associates	**19,259**	44,224	**(24,965)**
Share of results of joint ventures	**129,773**	131,954	**(2,181)**
Finance costs	**(14,779)**	(12,419)	**(2,360)**
Other income and expenses, net	**(26,341)**	(11,313)	**(15,028)**
Income tax expense	**(32,284)**	(30,209)	**(2,075)**
Profit (loss) for the year from continuing operations	**175,068**	(124,003)	**299,071**
Discontinued operation:			
Profit (loss) for the year from discontinued operation	**53,433**	(3,928)	**57,361**
Profit (loss) for the year	**228,501**	(127,931)	**356,432**
Profit (loss) attributable to owners of the Company	**205,895**	(147,281)	**353,176**
Earnings (loss) per share	**RMB cents**	RMB cents	**RMB cents**
From continuing and discontinued operations			
Basic	**2.96**	(2.12)	**5.08**
Diluted	**2.96**	n/a	**n/a**
From continuing operations			
Basic	**2.20**	(2.06)	**4.26**
Diluted	**2.20**	n/a	**n/a**

	For the year ended 31 March		
	2017	2016	**Changes**
Analysis of results	***RMB'000***	*RMB'000*	***RMB'000***
Profit (loss) for the year from continuing operations	**175,068**	(124,003)	**299,071**
Adjustments for:			
Finance costs	**14,779**	12,419	**2,360**
Depreciation and amortisation	**36,615**	61,255	**(24,640)**
Income tax expense	**32,284**	30,209	**2,075**
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)**
Impairment loss recognised in respect of goodwill	**11,620**	–	**11,620**
Share-based payments	**12,212**	–	**12,212**
Core profit from continuing operations	**282,578**	300,211	**(17,633)**
Breakdown as follows:			
The Group	**133,546**	124,033	**9,513**
Share of results of associates	**19,259**	44,224	**(24,965)**
Share of results of joint ventures	**129,773**	131,954	**(2,181)**
	282,578	300,211	**(17,633)**

Revenue:

Piped gas business : The slowdown of growth was due to the effect of macroeconomic downturn on some C/I customers and the decline in energy demand reduced the use of gas, coupled with the full implementation of residential gas ladder price system, lower gas selling price resulted in lower income.

Transportation, distribution and retail of LPG business : The increase in revenue was mainly due to the development of Tianjin and its peripheral markets, which offset the effect of relatively intense competition in some areas.

Barreled drinking water business : Benefit from Tianjin and its peripheral LPG market development, driven the sales of barreled drinking water and market share is increasing.

Segment results:

Piped gas business	: The decrease was mainly due to the decrease in gross profit margin of piped gas sales; the increase in staff costs and maintenance costs; and the impairment loss recognised in respect of goodwill (based on prudent principle).
Transportation, distribution and retail of LPG business	: Benefit from new projects development, revenue and gross profit increased, offsetting the rising pressure of part of the operating costs. The loss for the previous year was mainly due to the impairment loss recognised in respect of intangible assets and the loss of disposal of property, plant and equipment.
Barreled drinking water business	: Benefit from the development of Tianjin and its peripheral LPG markets, sales of barreled drinking water and net profit increased. The loss for the previous year was mainly due to the impairment loss on intangible assets.

FINANCIAL REVIEW

Liquidity and capital resources

At 31 March 2017, the consolidated financial position of the Group is as follows:

	2017	2016	Change
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	**1,805,364**	1,629,290	176,074
Current assets	**551,794**	436,496	115,298
Current liabilities	**(480,157)**	(265,918)	(214,239)
Non-current liabilities	**(50,888)**	(195,458)	144,570
Net assets	**1,826,113**	1,604,410	221,703
Equity attributable to owners of the Company	**1,657,176**	1,439,422	217,754
Non-controlling interests	**168,937**	164,988	3,949
Total equity	**1,826,113**	1,604,410	221,703

As at 31 March 2017, the bank balances and cash of the Group amounted to approximately RMB392,287,000 (2016: RMB305,147,000), and the total borrowings amounted to approximately RMB260,268,000 (2016: RMB219,113,000). The consolidated debt-to-capitalisation ratio, representing the ratio of total borrowings to total borrowings and equity attributable to owners of the Company, was 13.57% (2016: 13.21%).

Currently, the sources of the operating and capital expenditure of the Group are operating cash flow, current assets and bank borrowings. The Group has sufficient funds to meet future capital expenditures and operational needs.

Operating cash flow before movements in working capital for the year ended 31 March 2017 amounted to approximately RMB134,741,000, representing a decrease of RMB10,413,000 or 7.17% over last year. The decrease was mainly due to the increase in operating costs.

Net cash used in investing activities amounted to approximately RMB83,194,000, representing an increase of RMB15,669,000 or 23.20% over last year. The increase was mainly due to the increase in capital expenditure during the year.

Net cash generated from financing activities amounted to approximately RMB72,378,000 (2016: net cash used in financing activities amounted to approximately RMB18,546,000), which was due to the new bank borrowings raised for the purpose of replenish cash reserves and as future capital expenditures.

Borrowing structure

As at 31 March 2017, the total borrowings of the Group were approximately RMB260,268,000 (2016: RMB219,113,000), which mainly comprised domestic bank and other borrowings denominated in Renminbi of the project companies in China and consideration payable (2016: bank and other borrowings; 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 RMB91,500,000 (2016: RMB3,199,000) which were secured by certain assets with carrying amount of approximately RMB103,074,000 (2016: RMB4,780,000), others were unsecured. Short-term borrowings amounted to approximately RMB217,768,000 (2016: RMB28,227,000), while others were long-term borrowings due after one year.

Capital structure

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

Foreign exchange risk

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

Capital and other commitments

As at 31 March 2017, the capital and other commitments of the Group amounted to approximately RMB22,194,000 (2016: RMB43,408,000), mainly attributable to running district gas pipelines construction and prepaid lease payments (2016: running district gas pipelines, prepaid lease payments and acquisition of a subsidiary).

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 favour of the bank for the loan of RMB100,000,000 granted to Fujian Province An Ran Gas Investments 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 2017, Fujian An Ran has drawn the whole facility line. Save as disclosed, as at 31 March 2017, we had no material contingent liabilities.

Employees and remuneration policy

As at 31 March 2017, we had approximately 1,700 employees, most of them were stationed in China. The employees' salaries are determined from time to time with reference to their duties and responsibilities with the Group, business performance, profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus, share options and award shares of the Company as rewards for their outstanding performance.

Profit guarantee

On 5 September 2014, the Company entered into the sale and purchase agreement (as supplemented by the supplemental agreement dated 13 November 2014) with Dr. Mo Shikang ("**Dr. Mo**" or "**Vendor**", the then and existing chairman of the Board, an executive Director and the substantial Shareholder) for the acquisition of the Target Group. Further details of the acquisition of the Target Group are set out in the Company's circular dated 25 November 2014 ("**Circular**"). Terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise. The major terms for the acquisition of the Target Group are as follow:

1. The aggregated consideration was RMB370,000,000 (equivalent to HKD466,612,550), of which the consideration of the Sale Shares was RMB361,025,956.98 (equivalent to HKD455,295,250) and the consideration of the Sale Loan was RMB8,974,043.02 (equivalent to HKD11,317,300); and

2. The Vendor warranted and guaranteed that the 2017 EBITDA of the Target Group will not be less than RMB30,000,000.

The Company has confirmed with the auditor of the Company that the 2017 EBITDA of the Target Group was no less than RMB30,000,000. The achievement of 2017 EBITDA was mainly due to the increase of revenue from transportation and distribution of LPG and barreled drinking water. The consideration payable balance (after deducting the subscription proceeds of Warrants and earlier partial payment to avoid unnecessary potential tax liabilities) of RMB155,768,000 have been recognised as current liabilities in the consolidated statement of financial position at 31 March 2017.

PROSPECTS

In 2016, the global economy recovered slowly with volatility, and the Chinese economy entered the "new norm", shifting from high-rate growth to mid-high-rate growth, and achieved GDP growth rate of 6.7%. The year 2016 is the beginning of the final stage of establishing a prosperous society in China, and a crucial year to promote supply-side structural reform. China actively adapts and leads the new norm of economic development, accelerates the transformation of economic development and economic restructuring, so that the economy can obtain stable operation in a reasonable range. Under the continuous advancement of supply-side structural reform, the demand for green energy transformation is increasingly urgent, which brings new opportunities for the development of energy industry.

Piped gas business

The promotion of supply-side structural reform and the achievement of development energy conversion need to proceed with the energy development. Energy becomes the major factor of economic transformation in China. As a high-quality, efficient, clean low-carbon energy, natural gas is an efficient alternative to coal, crude oil, and other traditional energy. Therefore, the Chinese government vigorously promotes the healthy and sustainable development of natural gas. China signed the "Paris Agreement" in 2016, promises globally to reach the peak carbon emissions around 2030 and strive to reach the peak as soon as possible; carbon dioxide emissions per unit of GDP fell 60%-65% from 2005; and non-fossil energy accounted for approximately 20% of the primary energy consumption. Under the advancing resource environment constraints, the need for green energy transformation is increasingly urgent. Benefit from the impact of the international environment, the implementation of "Coal to Gas", "non-fossil energy replaces fossil fuels" and other more stringent environmental protection measures of China, energy green reform is vigorously promoted; the reduction of natural gas prices contributes to the rising demand for downstream natural gas. In accordance with the statistics issued by the NDRC, natural gas consumption was approximately 205.8 billion m^3 in 2016, representing an increase of 6.6% year-on-year.

The wide use of natural gas plays important roles in protecting ecological environment, improving atmospheric quality, enhancing the quality of public lives and health standards, and achieving sustainable development. The expansion of natural gas coverage and the increase of natural gas penetration enable more and more people to share the cleanliness of natural gas, improve the quality of life, which perform an important function on the sustainable development of the Chinese economy and society. Various factors showed that the natural gas industry of China has a good development trend. We will keep up with the national development trend, explore potential customers, speed up the construction of urban pipeline network, raise the urban gasification rate, and continue to promote the development of piped gas business steadily.

Transportation, distribution and retail of LPG business

In 2016, under the effect of diminishing natural gas price, LPG was gradually replaced by urban natural gas pipeline network, resulting in the continuous decline of LPG price. However, with the improvement of economic and material standards, the LPG consumption in rural and villages areas increased significantly. The rapid domestic development of deep olefin processing and deep alkane processing increases the consumption of LPG, which is utilised as raw material gas. Under the coexistence of opportunities and challenges, we actively explore the development of new models. In the future, we will continue to promote and explore the establishment of information system, change the original customer service points and bottled LPG store business model, create new model of new technology, offer a comparative advantage over traditional operators with better gross margin and cost control, and achieve "technology leadership" in the industry. The LPG companies of the Group will gradually implement information management system in groups depending on their business types and operating characteristics. We will develop the LPG industry from "commodity management" to "information management", transform the traditional logistics and distribution with Internet technology, and establish the core competitiveness of "Civigas" LPG enterprise to become the technology leader in the industry.

Barreled drinking water business

The drinking water industry of China has gradually become mature after years of development, entering from the "convenient era", "health era" into the "ecological era". With the increasing living standards, quality demand for drinking water from consumers is getting higher and higher, leading to the multi-directional development of the drinking water industry, and giving technology and product innovation advantages. Energy conservation, environmental protection, nutrition, service and other comprehensive needs aiming at health have been formed. A harmonious drinking water ecological environment for consumers has been built in the industry, together with a substantial increase in technology and product innovation power, further expansion of consumer demand, thus providing a new opportunity for the development of drinking water in China. The Group will actively enhance its production efficiency, build brand-name products, carry out a variety of marketing approach, and make full use of the existing terminal resources of the Group to create more profits for shareholders.

The Group is actively expanding its business, including but not limited to expand the scale of investment in existing subsidiaries; acquire other businesses; expand its gas stations and to utilise the advantages of distribution system to develop natural gas, LPG and living products. Respective plans have yet to been implemented and the Group will make further announcement(s) as and when appropriate and comply with all applicable requirements under the Listing Rules.

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 2017. 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 2017. 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 2017, 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 2017 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is required to be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.681hk.com respectively. The annual report of the Company for the year ended 31 March 2017 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Beijing, 30 June 2017

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.