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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 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

### **HIGHLIGHTS**

During the reporting period, the Group's revenue was approximately RMB444,305,000, up 23.32% as compared with RMB360,273,000 for the corresponding period last year.

Profit for the period was approximately RMB112,897,000, up significantly by 550.22% as compared with RMB17,363,000 for the corresponding period last year. Such increase was mainly attributable to the (i) the increase in profit from operating activities; (ii) the increase in share of profits of associates and joint ventures and (iii) no non-operating loss (such loss was due to the loss on derecognition of compensation receivable of RMB60,000,000 related to lottery agency business) recognised during the reporting period.

Basic earnings per share for the six months ended 30 September 2014 was RMB1.85 cents (2013: RMB0.22 cents).

No dividend was declared for the six months ended 30 September 2014 (2013: nil).

### **INTERIM RESULTS**

The board (the "Board") of directors (the "Directors") 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 2014, together with the unaudited comparative figures for the corresponding period in 2013.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		(Unaudited)	
		Six months ended	
		30 September	
		2014	2013
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	444,305	360,273
Cost of sales and services		<u>(348,144)</u>	<u>(279,879)</u>
Gross profit		96,161	80,394
Other gains and losses	4	(698)	(59,723)
Other income		4,423	8,595
Finance costs	5	(967)	(1,149)
Selling and distribution expenses		(27,024)	(22,919)
Administrative expenses		(42,364)	(45,070)
Share of results of associates		18,740	12,677
Share of results of joint ventures		<u>75,231</u>	<u>49,760</u>
Profit before tax	6	123,502	22,565
Income tax expense	7	<u>(10,605)</u>	<u>(5,202)</u>
Profit for the period		<u>112,897</u>	<u>17,363</u>
Other comprehensive income (expense) for the period			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		–	(1,054)
Change in fair value of available-for-sale investments		<u>3</u>	<u>(5)</u>
Other comprehensive income (expense) for the period		<u>3</u>	<u>(1,059)</u>
Total comprehensive income for the period		<u><u>112,900</u></u>	<u><u>16,304</u></u>

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit for the period attributable to:			
	Owners of the Company	<b>107,691</b>	12,893
	Non-controlling interests	<b>5,206</b>	4,470
		<b><u>112,897</u></b>	<b><u>17,363</u></b>
Total comprehensive income attributable to:			
	Owners of the Company	<b>107,694</b>	11,834
	Non-controlling interests	<b>5,206</b>	4,470
		<b><u>112,900</u></b>	<b><u>16,304</u></b>
		<b><i>RMB</i></b>	<b><i>RMB</i></b>
Earnings per share	9		
– basic and diluted		<b><u>1.85 cents</u></b>	<b><u>0.22 cents</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		471,793	431,216
Investment properties		13,980	13,980
Prepaid lease payments		35,969	34,812
Goodwill		8,924	7,065
Intangible assets		19,936	20,317
Interests in associates		115,715	99,389
Interests in joint ventures		579,942	504,711
Available-for-sale investments		9,739	9,736
Deposit paid for acquisition of property, plant and equipment and prepaid lease payments		<u>63,321</u>	<u>49,390</u>
		<u>1,319,319</u>	<u>1,170,616</u>
Current assets			
Inventories		19,279	14,629
Trade and other receivables	10	80,999	94,101
Amount due from an associate		7	18
Prepaid lease payments		642	916
Bank balances and cash		<u>270,673</u>	<u>274,099</u>
		<u>371,600</u>	<u>383,763</u>
Current liabilities			
Trade and other payables	11	183,616	175,220
Tax liabilities		35,322	33,595
Amounts due to non-controlling interests of subsidiaries		1,550	1,658
Amount due to a former director		8,397	8,397
Bank borrowings		<u>18,000</u>	<u>25,000</u>
		<u>246,885</u>	<u>243,870</u>

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 March 2014 <i>RMB'000</i> (Audited)
Net current assets	<u>124,715</u>	<u>139,893</u>
Total assets less current liabilities	<u><b>1,444,034</b></u>	<u><b>1,310,509</b></u>
Capital and reserves		
Share capital	390,626	390,626
Reserves	<u>888,608</u>	<u>777,979</u>
Equity attributable to owners of the Company	<b>1,279,234</b>	1,168,605
Non-controlling interests	<u>137,085</u>	<u>114,185</u>
Total equity	<u><b>1,416,319</b></u>	<u>1,282,790</u>
Non-current liabilities		
Amount due to a former director	23,131	23,131
Deferred tax liabilities	<u>4,584</u>	<u>4,588</u>
	<u>27,715</u>	<u>27,719</u>
	<u><b>1,444,034</b></u>	<u><b>1,310,509</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Capital contribution	Investment revaluation reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2013	390,626	788,187	2,086	92,665	40,827	7,721	18	-	14,313	(164)	(226,659)	1,109,620	59,186	1,168,806
Profit for the period	-	-	-	-	-	-	-	-	-	-	12,893	12,893	4,470	17,363
Other comprehensive expense	-	-	-	-	-	-	(5)	-	-	(1,054)	-	(1,059)	-	(1,059)
Total comprehensive income for the period	-	-	-	-	-	-	(5)	-	-	(1,054)	12,893	11,834	4,470	16,304
Change in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	13,343	13,343	41,559	54,902
Dividends paid to a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(2,105)	(2,105)
Lapse of share options	-	-	-	-	-	-	-	-	(2,597)	-	2,597	-	-	-
Issue of warrants	-	-	-	-	-	-	-	-	11,676	-	-	11,676	-	11,676
At 30 September 2013 (Unaudited)	390,626	788,187	2,086	92,665	40,827	7,721	13	-	23,392	(1,218)	(197,826)	1,146,473	103,110	1,249,583
At 1 April 2014	390,626	788,187	2,086	92,665	51,761	7,721	7	4,240	34,632	-	(203,320)	1,168,605	114,185	1,282,790
Profit for the period	-	-	-	-	-	-	-	-	-	-	107,691	107,691	5,206	112,897
Other comprehensive income	-	-	-	-	-	-	3	-	-	-	-	3	-	3
Total comprehensive income for the period	-	-	-	-	-	-	3	-	-	-	107,691	107,694	5,206	112,900
Appropriations	-	-	-	-	329	-	-	-	-	-	(329)	-	-	-
Capital injection from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	15,680	15,680
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	646	646
Dividends paid to a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(4,900)	(4,900)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	2,935	-	-	-	2,935	6,268	9,203
At 30 September 2014 (Unaudited)	390,626	788,187	2,086	92,665	52,090	7,721	10	7,175	34,632	-	(95,958)	1,279,234	137,085	1,416,319

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash generated from operating activities	<b>62,133</b>	57,245
Net cash used in investing activities	<b>(54,118)</b>	(42,188)
Net cash used in financing activities	<b>(11,442)</b>	(1,900)
Net (decrease) increase in cash and cash equivalents	<b>(3,427)</b>	13,157
Cash and cash equivalents at beginning of the period	<b>274,099</b>	258,520
Effect of foreign currency rate changes	<b>1</b>	(1,046)
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b><u>270,673</u></b>	<u>270,631</u>

## NOTES:

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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 2014.

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 10, HKFRS 12 and HKAS 27 (2011)	Separate Financial Statements, Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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

The following new standards, amendments and interpretations, which have been published but are not yet effective, have not been early adopted in the condensed consolidated financial statements. These are effective for the Group’s accounting periods beginning on or after 1 April 2015.

HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants <sup>1</sup>
HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions <sup>2</sup>
HKAS 27 Amendments	Equity Method in Separate Financial Statements <sup>1</sup>

HKAS 28 and HKFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	Hedge Accounting and Amendments to HKAS 39, HKFRS 7 and HKFRS 9 <sup>3</sup>
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>4</sup>
Annual Improvements to HKFRSs 2010 – 2012 Cycle <sup>2</sup>	
Annual Improvements to HKFRSs 2011 – 2013 Cycle <sup>2</sup>	
Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>1</sup>	

<sup>1</sup> effective for accounting periods beginning on or after 1 January 2016

<sup>2</sup> effective for accounting periods beginning on or after 1 July 2014

<sup>3</sup> effective for accounting periods beginning on or after 1 January 2018

<sup>4</sup> effective for accounting periods beginning on or after 1 January 2017

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Directors have concluded that while the adoption of the new or revised HKFRSs may result in new or amended disclosures, these are unlikely to have a significant impact on the Group's reported results of operations and financial position.

### 3. SEGMENT INFORMATION

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

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

- (1) Provision of piped gas – construction of gas pipeline networks and provision of piped gas;
- (2) Transportation, distribution and retail of LPG – the sale of LPG in bulk to wholesale customers and the retail of LPG to end user households, industrial and commercial customers; and
- (3) Lottery agency – agent to operate and sales of welfare lottery tickets.

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

**For the six months ended 30 September**

	Provision of piped gas		Transportation, distribution and retail of LPG		Lottery agency		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue from external customers	<u>215,331</u>	<u>193,392</u>	<u>227,165</u>	<u>164,561</u>	<u>1,809</u>	<u>2,320</u>	<u>444,305</u>	<u>360,273</u>
Segment profit (loss)	<u>32,092</u>	<u>29,493</u>	<u>7,833</u>	<u>8,638</u>	<u>(4,896)</u>	<u>(70,098)</u>	<u>35,029</u>	<u>(31,967)</u>
Unallocated income							2,561	3,557
Central administration costs							(7,092)	(7,600)
Share of results of associates							18,740	12,677
Share of results of joint ventures							75,231	49,760
Share-based payment expense							-	(2,713)
Finance costs							(967)	(1,149)
Profit before tax							<u>123,502</u>	<u>22,565</u>
<b>Other segment information</b>								
Amounts included in the measure of segment results:								
Depreciation	7,941	6,458	2,920	1,724	643	577	11,504	8,759
Amortisation	592	627	131	80	86	87	809	794
							12,313	9,553
Unallocated depreciation and amortisation							857	1,072
Total							13,170	10,625
Loss on disposal of property, plant and equipment	307	72	1	12	-	(36)	308	48
Unallocated							-	118
Total							308	166
<b>Amounts regularly provided to the CODM but not included in the measure of segment results</b>								
Interests in associates							115,715	100,661
Interests in joint ventures							579,942	481,250
Share of results of associates							18,740	12,677
Share of results of joint ventures							75,231	49,760

All of the segment revenue reported above is from external customers and no inter-segment sales are noted for current and prior periods.

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 2014. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of share of results of associates, share of results of joint ventures, share-based payment expense, central administration costs and finance costs. 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 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
Provision of piped gas	469,201	454,226
Transportation, distribution and retail of LPG	195,911	161,293
Lottery agency	12,767	15,033
	<hr/>	<hr/>
Total segment assets	677,879	630,552
Investment properties	13,980	13,980
Interests in associates	115,715	99,389
Interests in joint ventures	579,942	504,711
Available-for-sale investments	9,739	9,736
Bank balances and cash	270,673	274,099
Unallocated assets	22,991	21,912
	<hr/>	<hr/>
Consolidated assets	<b>1,690,919</b>	<b>1,554,379</b>

## Segment liabilities

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
Provision of piped gas	136,401	137,354
Transportation, distribution and retail of LPG	42,419	35,015
Lottery agency	35,621	33,435
	<hr/>	<hr/>
Total segment liabilities	214,441	205,804
Bank borrowings	18,000	25,000
Tax liabilities	35,322	33,595
Deferred tax liabilities	4,584	4,588
Unallocated liabilities	2,253	2,602
	<hr/>	<hr/>
Consolidated liabilities	<u>274,600</u>	<u>271,589</u>

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

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

## Geographical information

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

#### 4. OTHER GAINS AND LOSSES

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Loss on disposal of property, plant and equipment	<b>(308)</b>	(166)
Net foreign exchange (loss) gain	<b>(49)</b>	423
Net (allowance charged) reversal of allowance in respect of trade receivables	<b>(251)</b>	20
Loss on derecognition of compensation receivable	<b>–</b>	(60,000)
Others	<b>(90)</b>	–
	<b><u>(698)</u></b>	<b><u>(59,723)</u></b>

#### 5. FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Imputed interest for amount due to a former director	<b>–</b>	396
Interest on bank borrowings wholly repayable within five years	<b>967</b>	753
	<b><u>967</u></b>	<b><u>1,149</u></b>

## 6. PROFIT BEFORE TAX

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

	(Unaudited)	
	Six months ended	
	30 September	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs including Directors' emoluments:		
Salaries, wages, allowance and benefits in kind	38,556	32,668
Retirement benefits scheme contribution	4,593	3,438
	<b>43,149</b>	36,106
Share-based payment expense in relation to warrants issued during the period (included in administrative expenses)	–	2,713
Cost of inventories recognised as expenses	306,223	246,857
Depreciation of property, plant and equipment	12,361	9,831
Amortisation of prepaid lease payments	348	336
Amortisation of intangible assets	461	458
Contract cost recognised as expense in respect of gas connection construction contracts	<b>19,932</b>	16,165

## 7. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	30 September	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax		
– current tax	10,207	8,258
– under (over) provision in previous periods	402	(3,052)
Deferred taxation	(4)	(4)
	<b>10,605</b>	5,202

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.

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 six months ended 30 September 2014 and 2013.

## 8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2014 (2013: nil), nor has any dividend has been proposed since the end of the reporting period (2013: nil).

## 9. EARNINGS PER SHARE

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company	<b><u>107,691</u></b>	<u>12,893</u>
<b>Number of shares</b>		
Number of ordinary shares in issue during the period for the purpose of basic and diluted earnings per share calculation	<b><u>5,809,954,136</u></b>	<u>5,809,954,136</u>

For the six months ended 30 September 2014 and 2013, the computation of diluted earnings per share does not assume the exercise of the Company’s warrants because the exercise price of those warrants was higher than the average market price of the Company’s shares. In addition, the computation of diluted earnings per share does not assume the exercise of the Company’s outstanding share options before they were lapsed during the six months ended 30 September 2013, as their exercise prices were higher than the average market price of the Company’s shares for the period prior to lapse.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
Trade and bill receivables	20,764	28,731
Less: allowance for doubtful debts	<u>(1,466)</u>	<u>(1,215)</u>
	<u>19,298</u>	<u>27,516</u>
Other receivables	<u>61,701</u>	<u>66,585</u>
Total	<u><u>80,999</u></u>	<u><u>94,101</u></u>

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days and extending to 180 days for major customers. The Group does not hold any collateral over the balances. The following is an aged analysis of the trade and bill 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 is as follows:

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
0 to 90 days	17,014	25,953
91 to 180 days	584	189
Over 180 days	<u>1,700</u>	<u>1,374</u>
	<u>19,298</u>	<u>27,516</u>

As at 30 September 2014, included in other receivables, there are deposits and advance payment to suppliers of RMB24,805,000 (31 March 2014: RMB32,131,000) in relation to the purchase of natural gas and LPG products, which will be delivered within one year from the end of the reporting period.

Also, there is an unsecured loan receivable of RMB9,000,000 (31 March 2014: RMB10,000,000) included in other receivables relating to advance to a non-controlling interest of a subsidiary, which is an investment holding company and its subsidiaries are engaged in operation of LPG industry in the PRC, carried interest at 10% per annum and is repayable within one year.

## 11. TRADE AND OTHER PAYABLES

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

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
0 to 90 days	14,959	15,053
91 to 180 days	1,594	3,357
Over 180 days	8,730	7,003
	<hr/>	<hr/>
Trade payables	25,283	25,413
Advances received from customers for gas connection contracts	42,756	38,713
Piped gas customer deposits and other deposits received	32,637	26,871
Piped gas income received in advance	55,521	51,588
Payable to a non-controlling interest of a subsidiary	–	9,103
Accrued charges and other payables	27,419	23,532
	<hr/>	<hr/>
	<b>183,616</b>	<b>175,220</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. CAPITAL AND OTHER COMMITMENTS

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
Capital commitment:		
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Property, plant and equipment	28,316	31,581
	<hr/> <hr/>	<hr/> <hr/>

At the end of the reporting period, the Company had entered into a contract with several third parties for capital injection for set up a new company, the Group's committed amount is RMB114,000,000 (31 March 2014: RMB114,000,000).

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
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Other commitment:

Other expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:

Prepaid lease payments	<u>6,013</u>	<u>6,210</u>
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The Group's share of the capital commitment made jointly with other joint venturer relating to its joint ventures is as follows:

	At 30 September 2014 <i>RMB'000</i>	At 31 March 2014 <i>RMB'000</i>
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Capital commitment:

Capital expenditure contracted for but not provided in the joint venture's financial statements in respect of:

Property, plant and equipment	<u>92,315</u>	<u>75,835</u>
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### 13. EVENTS AFTER THE REPORTING PERIOD

On 5 September 2014 (after trading hours), the Company entered into the sale and purchase agreement (as supplemented by a supplemental agreement dated 13 November 2014) (the “S&P Agreement”) with Dr. Mo Shikang (“Dr. Mo”) (the chairman of the Board, an executive Director and a shareholder holding (i) 427,841,375 shares of the Company representing approximately 7.36% of the entire issued share capital of the Company; and (ii) 1,135,000,000 warrants through Ping Da Development Limited), for the sale and purchase of (i) the sale shares, representing the entire issued share capital of True Vanguard Holdings Limited (“True Vanguard”) and (ii) the sale loan at an aggregated consideration of RMB370,000,000 (subject to adjustment). True Vanguard and its subsidiaries have planned to pursue in (1) the filling and sale of LPG business; and (2) the production and sale of barreled drinking water and sale of electrical appliances such as water dispenser and water purification systems in Tianjin City, the PRC. The Company will convene the special general meeting on 12 December 2014 for the independent shareholders of the Company to consider and approve by way of poll the S&P Agreement and the transactions contemplated thereon.

On 14 October 2014, the Company announced to distribute 1,727,729,582 consideration shares of the Company (“Consideration Shares”) legally-owned by Yongheng Development Corporation Limited (“Yongheng Development”) (representing approximately 29.74% of the entire issued capital of the Company as at 30 September 2014 and the Consideration Shares were held and dealt with by an escrow agent in accordance with the settlement arrangement as stipulated in the settlement deed, details of which were disclosed in the circular of the Company dated 8 July 2013) to the qualifying shareholders whose names appear on the register of members of the Company at the close of business on 31 October 2014 on a pro-rata basis pursuant to the settlement deed. For further details of distribution of the Consideration Shares, please refer to the announcements of the Company dated 14 October 2014 and 5 November 2014, respectively.

## **BUSINESS REVIEW**

So far this year, the overall national economic growth maintains in a stable condition with occasional upward adjustments and improvements under the new usual course. Due to the fair macro-economic situation, we enhanced our standards of corporate governance and achieved smooth development in various business areas.

### **Piped gas business**

As one of the energy operators which provide piped gas in the People's Republic of China (the "PRC"), we constructed gas pipeline networks among its residential as well as industrial & commercial customers, from whom connection fees and gas usage fees are charged. During the reporting period, we achieved stable development in our piped gas business. Our income from the provision of piped gas represented approximately 48.46% (2013: 53.68%) of our total revenue during the reporting period. Gross profit margin maintained at around 26% to 29%.

### *Gas connection*

During the reporting period, income from gas connection construction contracts was approximately RMB54,060,000, representing a growth of RMB11,340,000 or 26.54% over the corresponding period last year. Income from gas connection construction contracts represented approximately 25.11% (2013:22.09%) of total income of piped gas business. During the reporting period, there was an addition of 88,643 units of household customers (of which controlling interests accounted for 14,694 units), representing a year-on-year growth of 22.75%, and an addition of 630 units of commercial & industrial customers (of which controlling interests accounted for 321 units), representing a year-on-year growth of 50.00%. As at the end of the reporting period, there were an accumulated number of connected household customers of 879,580 units (of which controlling interests accounted for 252,499 units) and accumulated commercial & industrial customers of 6,032 units (of which controlling interests accounted for 4,034 units), representing a year-on-year growth of 38.37% and 34.43% respectively.

### *Piped gas sales*

During the reporting period, our income from piped gas sales was approximately RMB161,271,000, representing a growth of RMB10,599,000 or 7.03% over the corresponding period last year. Income from piped gas sales represented approximately 74.89% (2013: 77.91%) of total income of piped gas business. During the reporting period, our total piped gas sales achieved a total of 234.02 million cubic meters ("m<sup>3</sup>"), representing a year-on-year growth of 26.27%. Among the total sales, 31.63 million m<sup>3</sup> (of which controlling interests accounted for 22.63 million m<sup>3</sup>) were sold to the household customers, and 202.39 million m<sup>3</sup> (of which controlling interests accounted for 58.23 million m<sup>3</sup>) were sold to the industrial & commercial customers. Piped gas sales is increasing continuously. Gas fee income has stably become our main source and long term revenue base which improved and optimised our income structure.

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

Transportation, distribution and retail of LPG business is our another important business area. We have been striving to promote the development in this business area in recent years. On the one hand, we have established a better corporate image by various measures, such as maintaining safety-operation, improving service quality and providing high-quality energy. Hence, we have solidified our market share and further penetrated the existing market in order to drive market expansion. On the other hand, we have vigorously conducted research and development for LPG projects. By participating in new projects in various means (such as acquisitions etc.), we seek opportunities for accessing new markets. During the reporting period, we have four new LPG projects, which reflect the expansion of our market share in Tianjin, Yunnan and Sichuan Province. Moreover, we are making vigorous effort to develop the information technology infrastructure for LPG operation management. These include the construction of customer service call-centre and steel bottle management system. We believe that, through the continuous enhancement of management, our management will be more scientifically-based and our service quality will be improved. This further increases our reputation in the market.

During the reporting period, sales of LPG reached approximately 84,129 tons (of which controlling interests accounted for 33,570 tons) in total, with a total of approximately RMB227,165,000 of income from sales, representing an increase of RMB62,604,000 or 38.04% over the corresponding period last year. During the period, income from transportation distribution and retail of LPG accounted for approximately 51.13% (2013: 45.68%) of our total revenue during the period.

## **Lottery agency business**

We currently sell China Welfare Lottery in Shenzhen and Guizhou Province, the PRC. It includes an instant lottery called “Keno Games Lottery” which is exclusively available in Shenzhen. During the reporting period, our lottery agency business generated revenue of approximately RMB1,809,000, representing a decrease of RMB511,000 or 22.03% over the corresponding period last year. The decrease in revenue was attributable to our integration of lottery business. Certain stores incurring loss on revenue and large betting stores have been closed, resulting in the decrease in lottery sales. We underwent an extensive cost control and reduction measures to minimise its losses.

The sales performance of the “Keno Games Lottery” was not satisfactory since it launched. On 23 May 2014, the change of rules of games of “Keno Games Lottery” was approved by relevant regulatory authorities and it was newly rolled out. The upgraded “Keno Games Lottery” has higher payout ratio which reaches 67%, and become a kind of lottery with the highest payout ratio among all China welfare lotteries which are currently sell in Shenzhen. Its play is simple and fun and people can randomly choose one number from 1 to 22 totaling 22 numbers to form a bet to place betting and also have various types of compound betting. The sales of upgraded “Keno Games Lottery” has shown significant improvement, we expect to get rid of the dilemmas of the sluggish sales at present.

## INVESTMENT PROJECTS DURING THE REPORTING PERIOD

During the reporting period, we obtained six projects, including two piped gas and four LPG projects. The new projects are mostly located around our existing projects, which leverages its economies of scale and reduces operating costs. We shall continue to rapidly raise our market share through mergers and acquisitions. In addition to increasing our share in existing regional markets, we also proactively seeks opportunities in other regions to step up with our business development.

## FINANCIAL REVIEW

### Financial Highlights

Items	For the six months ended		Variance	
	30 September			
	2014	2013		
	RMB'000	RMB'000	RMB'000	%
<b>Revenue:</b>				
Provision of piped gas business	215,331	193,392	21,939	11.34
Transportation, distribution and retail of LPG business	227,165	164,561	62,604	38.04
Lottery agency business	1,809	2,320	(511)	(22.03)
Total	444,305	360,273	84,032	23.32
<b>Gross profit (loss):</b>				
Provision of piped gas business	62,437	56,046	6,391	11.40
Transportation, distribution and retail of LPG business	35,134	27,629	7,505	27.16
Lottery agency business	(1,410)	(3,281)	1,871	(57.03)
Total	96,161	80,394	15,767	19.61
<b>Segment results:</b>				
Provision of piped gas business	32,092	29,493	2,599	8.81
Transportation, distribution & retail of LPG business	7,833	8,638	(805)	(9.32)
Lottery agency business	(4,896)	(70,098)	65,202	(93.02)
Total	35,029	(31,967)	66,996	n/a
Share of results of associates	18,740	12,677	6,063	47.83
Share of results of joint ventures	75,231	49,760	25,471	51.19
Other income and expenses (net)	(5,498)	(7,905)	2,407	(30.45)
<b>Profit before tax</b>	123,502	22,565	100,937	447.32
Income tax	(10,605)	(5,202)	(5,403)	103.86
<b>Profit for the period</b>	112,897	17,363	95,534	550.22

Items	For the six months ended		Variance
	30 September		
	2014	2013	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Analysis of profit for the period:</b>			
Other operating profit	<b>18,926</b>	14,926	<b>4,000</b>
Loss on derecognition of compensation receivable	–	(60,000)	<b>60,000</b>
Share of results of associates	<b>18,740</b>	12,677	<b>6,063</b>
Share of results of joint ventures	<b>75,231</b>	49,760	<b>25,471</b>
Profit for the period	<b>112,897</b>	17,363	<b>95,534</b>

## Revenue

The increase in revenue was mainly due to the continuing increase in the volume of piped gas and LPG sales and the increase in number of new connected during the reporting period.

## Gross profit

During the reporting period, our operating business realised a gross profit of approximately RMB96,161,000 in total, representing an increase of RMB15,767,000 or 19.61% as compared with the corresponding period last year. The overall gross profit margin was 21.64% (2013: 22.31%). The increase of overall gross profit was mainly due to the significant increase in gas sales (in particular, the LPG sales) and income from the construction of gas pipeline networks as compared with the corresponding period last year. The slight decrease in overall gross profit margin was mainly due to the continued growth in LPG business. The gross profit margin of LPG sales is less than that of piped gas sales, resulting that the overall gross profit margin was diluted.

## Segment results

The increase in segment results was mainly due to (i) the increase in revenue as aforesaid and (ii) no non-operational loss recognised during this reporting period. Such loss represented the loss on derecognition of compensation receivable of RMB60,000,000 related to our lottery agency business during six months ended 30 September 2013.

## Share of results of associates/joint ventures

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

## **Liquidity and capital resources**

As at 30 September 2014, our cash and cash equivalents amounted to approximately RMB270,673,000 (31 March 2014: approximately RMB274,099,000), and the total borrowings amounted to approximately RMB49,528,000 (31 March 2014: approximately RMB56,528,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to borrowings and equity attributable to owners of the Company, was 3.73% (31 March 2014: 4.61%).

As at 30 September 2014, our total assets was approximately RMB1,690,919,000 (31 March 2014: approximately RMB1,554,379,000), and current liabilities, non-current liabilities, equity attributable to owners of the Company and non-controlling interests amounted to approximately 246,885,000 (31 March 2014: RMB243,870,000), RMB27,715,000 (31 March 2014: RMB27,719,000), RMB1,279,234,000 (31 March 2014: RMB1,168,605,000) and RMB137,085,000 (31 March 2014: RMB114,185,000) respectively.

## **Borrowing structure**

As at 30 September 2014, our total borrowings were approximately RMB49,528,000 (31 March 2014: approximately RMB56,528,000), which mainly comprised domestic bank borrowings denominated in Renminbi of the project companies in the PRC and amount due to a former director. The borrowings, which carried floating interest rates, were applied to gas pipelines construction, as general working capital and for operating expenses. Apart from the borrowings with an amount equivalent to approximately RMB5,000,000 (31 March 2014: approximately RMB12,000,000) which were secured by certain assets with a carrying amount of approximately RMB40,390,000 (31 March 2014: approximately RMB9,854,000), others were unsecured. Short-term borrowings amounted to approximately RMB26,397,000 (31 March 2014: approximately RMB33,397,000), while others were long-term borrowings due after one year.

## **Capital structure**

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

## **Fund raising activities**

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

On 30 April 2014 (after trading hours), we, Yongheng Development and Astrum Capital Management Limited (“Astrum”, as the Placing Agent) entered into the placing agreement pursuant to which Astrum agreed, on a best effort basis, to place up to 1,727,729,582 Consideration Shares held by Yongheng Development to not fewer than six placees. The placing price of HK\$0.205 per consideration share (i) equals to the closing price of HK\$0.205 per share as quoted on the Stock Exchange as at the date of the placing agreement; and (ii) represents a premium of approximately 0.99% over the average of the closing price of HK\$0.203 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the placing agreement. We were informed on 21 May 2014 that due to recent market condition, no sufficient orders were received during the placing period. Accordingly, we resolved not to proceed the placing and the placing agreement was lapsed and became null and void.

On 14 October 2014, the Board resolved to discontinue the identification of, and the negotiation with, potential placing agent in respect of the placing of the Consideration Shares and to start the preparation work in respect of the distribution of the Consideration Shares. It is expected that the certificates for the Consideration Shares will be despatched to the qualifying shareholders by ordinary post to their registered addresses in or around the middle of December 2014.

### **Foreign exchange risk**

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

### **Treasury policy**

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the period under review. We strive to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of our customers. To manage liquidity risk, we closely monitors our liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet the funding requirements from time to time.

## **Capital and other commitments**

As at 30 September 2014, our capital and other commitments amounted to approximately RMB240,644,000, mainly attributable to running district gas pipelines construction and capital injection with several third parties for set up a new company to be engaged in the provision of public assistance insurance, personal medical insurance, employment insurance and specific personal insurance to the disabled in the PRC. Please refer to note 12 for details.

## **Contingent liabilities**

As at 30 September 2014, we had no material contingent liabilities.

## **PROSPECTS**

### **Piped gas business**

According to the information published by the National Development and Reform Commission (“NDRC”), the production of natural gas increased by 8.0% year-on-year to approximately 93.2 billion m<sup>3</sup>; natural gas import increased by 9.3% year-on-year to approximately 42.4 billion m<sup>3</sup> in aggregate, of which piped gas and liquefied natural gas increased year-on-year by 12.9% and 5.0% respectively; apparent consumption of natural gas increased by 6.8% to approximately 129 billion m<sup>3</sup> for the first three quarters of 2014.

The sustainable economic and social developments of the PRC have given rise to the increasing needs for energy, especially the high-quality and clean natural gas.

In April 2014, General Office of the State Council forwarded the Opinions on the Establishment of Long-term Mechanism for the Stable Supply of Natural Gas (《關於建立保障天然氣穩定供應長效機制的若干意見》), which was issued by the NDRC. The opinions stipulated that the overall supply of natural gas shall be increased. The supply of natural gas will reach 400 billion m<sup>3</sup> by 2020, with a target of 420 billion m<sup>3</sup>. Accordingly, the PRC government has been introducing relevant policies and measures in order to secure the source of natural gas supply.

On the one hand, the national policies affirm strong support for the exploitation of shale gas. The development of shale gas has been classified as one of the National Strategic Emerging Industries. The financial support for the exploration and development for shale gas has also been raised. It is acknowledged that the core technologies for the exploitation of shale gas in the PRC have achieved major breakthroughs. On the other hand, the PRC is proactively broadening the sources for gas import by establishing various liquefied natural gas projects. Liquefied natural gas will be imported via the trans-shipment route from other countries and regions such as Australia. In terms of the land-side import, the PRC and Russia have currently signed a purchase and sale contract, pursuant to which, Russia will deliver 68 billion m<sup>3</sup> of natural gas to the PRC through the East

and West Pipelines in the near future. At the same time, the completion of the western section of the Third West-to-East Gas Pipeline will also facilitate the full service of the whole pipeline. Various spur-lines of the China-Burma Pipeline will also commence gas deliveries. To a certain extent, the implementation of the above policies and measures will address the pressing needs of natural gas in the PRC and will secure the sufficient source of gas supply for our piped gas business. In particular, upon the commencement of the western section of the Third West-to-East Gas Pipeline, the natural gas from Middle Asia will be delivered through the Zhongwei Station, which is further linking to Ningxia the First and Second West-to-East Gas Pipeline, Shaanxi-Beijing System and Zhong-Gui Pipeline. Hundreds of millions of publics in these regions, such as Sichuan, Chongqing and Yangtze River Delta, will be benefited. Our piped gas business is also mainly located at the Sichuan-Chongqing areas, where natural gas business will be benefited directly.

With the increased import of natural gas to the PRC, upward adjustment in the price of natural gas among the natural gas stations becomes an inevitable trend. The reasonable upward adjustment in the price of natural gas among the natural gas stations will attract more domestic and overseas natural gas suppliers to provide natural gas for the PRC. Hence, it will secure a sufficient natural gas supply. In March 2014, the NDRC published the Guidance Opinion of National Development and Reform Commission on the Implementation of Escalating Natural Gas Price for Domestic Users (《國家發展改革委關於建立健全居民生活用氣階梯價格制度的指導意見》), pursuant to which, certain opinions were given in regards to the implementation of escalating natural gas price for domestic users. Subsequently, the NDRC made an upward adjustment to the natural gas price for non-domestic use in September 2014. Our project companies will facilitate close communications with the local government and commercial and industrial customers for price linkage, and worked closely with the local governments for the reformation of escalating natural gas price for domestic users.

All of the abovementioned series of government policies and industrial development are favourable to us. Leveraging the opportunities of natural gas development in the PRC, we shall put our ongoing effort on upgrading our service standards, exploring new markets and enhancing our corporate reputation, aiming to enhance our overall operational efficiency through our piped gas business.

## LPG Business

To a certain extent, the development of natural gas industry creates challenges on LPG industry development. Obviously, the urban residents gradually increase the use of natural gas as the substitute of LPG. However, the increase in consumption rate of LPG among the rural residents as well as the urban and commercial residents maintains the overall LPG consumption in the PRC. LPG has shown sustaining steady growth in recent years. In 2013, the demand of LPG amounted to approximately 25.45 million tons, representing an increase of 3.2% from 2012. In the first half of 2014, apparent consumption showed an increase as compared to last year. The accumulated apparent consumption increased from approximately 12.27 million tons for the first half of 2013 to approximately 13.73 million tons for first half of 2014, representing a year-on-year increase of approximately 1.46 million tons or 11.9%,

Overiewing the current energy demand and development trend in the PRC, both the LPG and natural gas industries will survive in the long run. Through leveraging the complementary strengths of each of these types of clean energy, the industries co-development will be achieved. LPG possesses advantages such as absence of pipeline limitation, low cost, high efficiency and flexible in supply. With the PRC's rapid economic growth, the acceleration of urbanisation and the worsening pollution challenges, the demand for clean energy will certainly be boosted. However, the shortage in natural gas sources will inevitably increase the demand for LPG in city borders, medium and small towns, large scale rural areas where LPG has unique advantages. Hence, there is still room for further market growth in LPG industry.

While the PRC's demand for LPG has been growing, the supply capability of LPG has been rising. In recent years, refineries across the country has been newly established or expanded. For example, the refine capacity of Quanzhou Petrochemical (泉州石化) during its commencement amounted to 12 million tons per year; the estimated refine capacity of Luoyang Petrochemical (洛陽石化) upon its expansion after 2015 will be 8 million tons per year; and the estimated refine capacity of Jingmen Petrochemical (荊門石化) upon its expansion after 2015 will be 5 million tons per year. Meanwhile, during the reporting period, the PRC signed an agreement for a co-operation project for Tianjin refinery with Russia. It is expected that the annual production capacity will reach 16 million tons upon completion. Upon the completion of Sino-Russia Dongning Special Ports for Hazardous Chemical (中俄東寧危化品專業口岸項目), approximately 30 million tons of chemical materials such as petroleum and LPG will be imported or exported every year. The above-mentioned situations indicate that the PRC's gas supply will be more adequate and secured, offering favourable purchase to us. In particular, underpinned by the Sino-Russia Tianjin refineries, our new LPG projects in Tianjin and our expansion plan for the Northern LPG market in the future will be benefited.

Looking ahead, we will increase our investment in LPG business and integrate the service model for retail market, so as to enhance our service standards. We will keep shaping and strengthening our brand perception in respect of LPG business in order to achieve a greater market share, aiming to enhance our overall operational efficiency through our LPG business.

## **Lottery business**

According to statistics, lottery sales in the PRC amounted to approximately RMB279.407 billion from January to September 2014, representing a year-on-year increase of approximately RMB54.954 billion, or approximately 24.5%. Sales from welfare lotteries institutions were approximately RMB150.432 million, representing a year-on-year increase of approximately RMB22.375 million, or approximately 17.5%. The Ministry of Finance amended the Interim Administrative Measures for Lottery Telesales (電話銷售彩票管理暫行辦法) in March 2014 and implemented it since 1 April. The trend for development telesales in the PRC has been clearer, which lay a solid foundation for the explosive growth of mobile lottery market. In the first half of 2014, benefited from the dual-assistance of relevant policies and World Cup 2014, the PRC's lottery sales recorded a historical high level. Subsequent to twenty years of flourishing development, significant opportunities and transformation can be seen in the PRC's lottery business, with the arrival of the internet era for the lottery industry. Continued growth will still be seen in the traditional lottery business, while new media lotteries will achieve swift growth. These businesses will be in highly complementary nature and achieve mutual growth. As one of the participant in the PRC's lottery business, we will capture such significant opportunities and provide a clear sense of direction for an immediate breakthrough, aiming to explore a new approach for our development proactively.

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

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

## **CORPORATE GOVERNANCE**

The Company has committed to perform a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code of Corporate Governance Code ("CG Code") and Corporate Governance Report contained in Appendix 14 to the Listing Rules, as amended from time to time. As far as the CG Code is concerned, during the period and up to the date of this announcement, the Company complies with all aspect of the Code Provisions.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code, as amended from time to time. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the period.

## **REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE**

The Audit Committee has reviewed with management the appropriateness and consistent application of significant accounting principles and policies as well as internal control adopted by the Group, and discussed judgmental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2014.

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

Beijing, 28 November 2014

*As at the date of this announcement, the Board comprises four Executive Directors, namely, Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Jin Song (Managing Director) and Mr. Chu Kin Wang Peleus, and three Independent Non-executive Directors, namely, Dr. Liu Junmin, Prof. Zhao Yanyun and Mr. Sin Ka Man.*