CHINESE PEOPLE HOLDINGS COMPANY LIMITED
中民控股有限公司

(incorporated in Bermuda with limited liability)

(stock code: 681)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL AND BUSINESS HIGHLIGHTS

Turnover achieved a breakthrough of HK$1 billion to approximately HK$1.12 billion, representing an increase of HK$0.27 billion (31.05%) as compared to approximately HK$0.85 billion for year 2011.

We continue to diversify business portfolio. We acquired the remaining 60% equity interest in Shenzhen Le Cai during the year and Shenzhen Le Cai has become our wholly-owned subsidiary. Shenzhen Le Cai is principally engaged in welfare lottery agency sales in Shenzhen, PRC.

Overall gross profit margin maintained at around 26%.

Profit attributable to owners of the Company for year 2012 amounted to approximately HK$296.82 million, representing a sharp increase of HK$251.18 million over year 2011. Such increase was mainly due to the re-measurement of interest in Shenzhen Le Cai to fair value on business combination of HK$235.66 million and the increase in operating profit.

Excluding non-operational items, profit before tax amounted to HK$113.07 million, 14.87% increase as compared with last year.

Basic and diluted earnings per share for year 2012 were HK$5.84 cents (2011: HK$1.12 cents).

Net assets value per share is HK$0.32 as at 31 March 2012 (2011: HK$0.28).

The board (the "Board") of directors (the "Directors") 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 2012 together with the comparative figures for the corresponding year of 2011 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	3	**1,119,002**	853,868
Cost of sales and services		**(825,758)**	(624,119)
Gross profit		**293,244**	229,749
Other operating income	5	**19,764**	15,601
Administrative expenses		**(198,496)**	(136,626)
Gain on disposal of property, plant and equipment and prepaid lease payments		**422**	52,720
Loss on disposal of available-for-sale financial assets		**–**	(64,426)
Equity-settled share-based payments		**–**	(16,618)
Share of results of associates		**10,086**	137
Finance costs	6	**(5,277)**	(4,017)
Re-measurement of interest in an associate to fair value on business combination	13	**235,663**	–
Gain on disposal of subsidiaries		**–**	1,361
Impairment loss recognised in respect of trade and other receivables		**(6,250)**	(6,406)
Profit before tax		**349,156**	71,475
Income tax expenses	7	**(43,728)**	(23,832)
Profit for the year	8	**305,428**	47,643

	Note	**2012**	2011
		HK$'000	*HK$'000*
Other comprehensive income (expense) for the year			
Exchange differences arising on translation of foreign operations		**36,583**	33,453
Exchange reserve realised on disposal of subsidiaries		**–**	(584)
Loss on fair value changes of available-for-sale financial assets		**(2)**	(1,929)
Release of investment valuation reserve upon disposal of available-for-sale financial assets		**–**	64,348
Other comprehensive income for the year		**36,581**	95,288
Total comprehensive income for the year		**342,009**	142,931
Profit for the year attributable to:			
Owners of the Company		**296,815**	45,639
Non-controlling interests		**8,613**	2,004
		305,428	47,643
Total comprehensive income attributable to:			
Owners of the Company		**329,828**	138,282
Non-controlling interests		**12,181**	4,649
		342,009	142,931
		HK cents	HK cents
Earnings per share			
– basic and diluted	*10*	**5.84**	1.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**884,260**	738,370
Investment properties		**26,825**	8,621
Prepaid lease payments		**49,870**	27,916
Goodwill		**138,301**	95,114
Intangible assets		**869,980**	101,714
Interests in associates		**38,811**	89,733
Available-for-sale financial assets		**83,961**	6,746
Deposit paid for acquisition of long-term investment		**–**	41,489
Deposit paid for acquisition of property, plant and equipment and prepaid lease payments		**24,912**	20,104
		2,116,920	1,129,807
Current assets			
Inventories		**47,854**	34,777
Trade and other receivables	*11*	**168,265**	230,085
Other loan to a shareholder of an associate		**–**	43,050
Amount due from a joint venturer		**–**	24,230
Amount due from an associate		**1,032**	474
Prepaid lease payments		**1,224**	767
Held-to-maturity investments		**40,554**	35,562
Pledged bank deposits		**5,390**	8,228
Bank balances and cash		**349,734**	262,763
		614,053	639,936
Current liabilities			
Trade and other payables	*12*	**316,650**	277,575
Tax liabilities		**55,936**	55,313
Amount due to a director		**3,833**	–
Amount due to a joint venturer		**28**	12,885
Amounts due to associates		**1**	11,851
Amount due to a shareholder of an associate		**–**	23,708
Bank borrowings – due within one year		**66,920**	21,693
		443,368	403,025
Net current assets		**170,685**	236,911
		2,287,605	1,366,718

	2012	2011
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**406,697**	285,756
Reserves	**1,341,816**	797,750
Equity attributable to owners of the Company	**1,748,513**	1,083,506
Non-controlling interests	**81,760**	71,049
Total equity	**1,830,273**	1,154,555
Non-current liabilities		
Bank borrowings – due after one year	**217,635**	192,604
Amount due to a director	**27,714**	–
Deferred tax liabilities	**211,983**	19,559
	457,332	212,163
	2,287,605	1,366,718

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Capital contribution	Share-based compensation reserve	Property revaluation reserve	Investment valuation reserve	Exchange reserve	Retained profits (accumulated losses)	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*H$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	285,756	615,523	2,182	89,800	20,017	7,482	35,279	454	(62,398)	107,004	(172,493)	928,606	64,041	992,647
Profit for the year	–	–	–	–	–	–	–	–	–	–	45,639	45,639	2,004	47,643
Other comprehensive income for the year	–	–	–	–	–	–	–	–	62,419	30,224	–	92,643	2,645	95,288
Total comprehensive income for the year	–	–	–	–	–	–	–	–	62,419	30,224	45,639	138,282	4,649	142,931
Appropriations	–	–	–	–	8,867	–	–	–	–	–	(8,867)	–	–	–
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,245)	(1,245)
Contribution from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	3,604	3,604
Recognition of equity-settled share-based payments	–	–	–	–	–	–	16,618	–	–	–	–	16,618	–	16,618
Effect on share options lapsed	–	–	–	–	–	–	(29,019)	–	–	–	29,019	–	–	–
At 31 March 2011 and 1 April 2011	285,756	615,523	2,182	89,800	28,884	7,482	22,878	454	21	137,228	(106,702)	1,083,506	71,049	1,154,555
Profit for the year	–	–	–	–	–	–	–	–	–	–	296,815	296,815	8,613	305,428
Other comprehensive (expenses) income for the year	–	–	–	–	–	–	–	–	(2)	33,015	–	33,013	3,568	36,581
Total comprehensive (expenses) income for the year	–	–	–	–	–	–	–	–	(2)	33,015	296,815	329,828	12,181	342,009
Issue of consideration shares	120,941	214,238	–	–	–	–	–	–	–	–	–	335,179	–	335,179
Appropriations	–	–	–	–	20,920	–	–	–	–	–	(20,920)	–	–	–
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,470)	(1,470)
Effect on share options lapsed	–	–	–	–	–	–	(6,260)	–	–	–	6,260	–	–	–
At 31 March 2012	406,697	829,761	2,182	89,800	49,804	7,482	16,618	454	19	170,243	175,453	1,748,513	81,760	1,830,273

NOTES:

1. GENERAL INFORMATION

Chinese People Holdings Company Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda on 13 November 1996. On 24 April 1997, the Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company is an investment holding company. Its subsidiaries principally engage in the sale and distribution of natural gas and liquefied petroleum gas ("LPG") (collectively referred to as "Gas Fuel") including the sale of LPG in bulk and in cylinders, the provision of piped LPG and natural gas, construction of gas pipelines, the operation of city gas pipeline network and the sale of LPG and lottery agency sales in the People's Republic of China (the "PRC").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the Group's financial year ended 31 March 2012.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendement to HKFRS 1	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standards ("HKAS") 24 (as revised in 2009)	Related Party Disclosures
Amendment to HK(IFRIC) – Interpretations ("Int") 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current or prior accounting periods and/or disclosures set out in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such adoption had no impact to the disclosures in the consolidated financial statements.

Amendments to HKFRS 3 Business Combination (as part of improvements to HKFRSs issued in 2010)

As part of improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards.

Such amendments to HKFRS 3 have been applied in the current year and have affected the accounting for the acquisition of subsidiaries in the current year. The non-controlling interests were measured at their acquisition-date fair value at the date of acquisition of those subsidiaries.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous standard.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS	Annual Improvements 2009 – 2011 Cycle[4]
Amendment to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[4]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2012*
[3] *Effective for annual periods beginning on or after 1 July 2012*
[4] *Effective for annual periods beginning on or after 1 January 2013*
[5] *Effective for annual periods beginning on or after 1 January 2014*
[6] *Effective for annual periods beginning on or after 1 January 2015*

The Directors anticipate that the application of the new and revised HKFRSs, other than Amendment to HKFRS; HKFRS 1 (Revised); Amendments to HKFRS 1; HKAS 19 (as revised in 2011) and HK(IFRIC) – Int 20, may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities and result in more extensive disclosures in the consolidated financial statements. However it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. TURNOVER

Turnover represents the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes. An analysis of the Group's turnover is as follows:

	2012	2011
	HK$'000	*HK$'000*
Provision of piped Gas Fuel	**590,618**	421,655
Pipelines construction	**197,333**	176,429
Transportation, distribution and retail of bottled LPG	**330,619**	255,784
Commission income from welfare lottery sales	**432**	–
	1,119,002	853,868

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Directors, being the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance focus on types of goods or services delivered or provided.

During the year, the Group acquired the entire equity interest in Grand Destiny Group Limited ("Grand Destiny") for consideration of approximately HK$380,568,000. Grand Destiny and its subsidiaries namely Shenzhen Yongheng Le Cai Technology Development Limited ("Shenzhen Le Cai") and Shenzhen Yongheng Jin Cai Technology Development Limited ("Shenzhen Jin Cai") are engaged in the lottery agency sales. Details of this acquisition had been set out in the Company's circular dated 12 August 2011 and Note 13. The segment of "Lottery agency sales" is regarded as new business segment of the Group upon the completion of acquisition.

Specially, the Group's reportable segments under HKFRS 8 are as follows:

1. Provision of piped Gas Fuel – construction of gas pipeline networks, provision of piped natural gas and LPG;

2. Transportation, distribution and retail of bottled LPG – the sale of LPG in bulk to wholesale customers and the retail of bottled LPG to end user households, industrial and commercial customers; and

3. Lottery agency sales – agent to operate and sell lottery tickets in Shenzhen.

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

For the year ended 31 March	Provision of piped Gas Fuel		Transportation, distribution and retail of bottled LPG		Lottery agency sales		Consolidation	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**787,951**	598,084	**330,619**	255,784	**432**	–	**1,119,002**	853,868
Segment profit (loss)	**136,116**	111,955	**12,732**	57,554	**(29,518)**	–	**119,330**	169,509
Unallocated income							**8,167**	5,231
Unallocated corporate expenses							**(18,813)**	(19,702)
Re-measurement of interest in an associate to fair value on business combination							**235,663**	–
Loss on disposal of available-for-sale financial assets							**–**	(64,426)
Equity-settled share-based payments							**–**	(16,618)
Share of results of associates							**10,086**	137
Finance costs							**(5,277)**	(4,017)
Gain on disposal of subsidiaries							**–**	1,361
Profit before tax							**349,156**	71,475

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of bank interest income, other operating income, central administrative expenses, directors' emoluments, re-measurement of interest in an associate to fair value on business combination, gain on disposal of subsidiaries, loss on disposal of available-for-sale financial assets, equity-settled share-based payments, finance costs and share of results of associates. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Other segment information

For the year ended 31 March	Provision of piped Gas Fuel		Transportation, distribution and retail of bottled LPG		Lottery agency sales		Unallocated		Consolidation	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts included in measure of segment profit (loss)										
Depreciation	**23,689**	17,524	**3,941**	3,870	**818**	–	**4,888**	2,776	**33,336**	24,170
Loss (gain) on disposal of property, plant and equipment and prepaid lease payments	**(326)**	1,645	**1**	(54,416)	**–**	–	**(97)**	51	**(422)**	(52,720)
Amortisation of prepaid lease payments	**631**	482	**195**	237	**–**	–	**–**	–	**826**	719
Amortisation of intangible assets	**4,537**	4,300	**–**	–	**16,350**	–	**–**	–	**20,887**	4,300
Impairment loss recognised in respect of trade and other receivables	**6,250**	6,406	**–**	–	**–**	–	**–**	–	**6,250**	6,406
Reversal of impairment loss recognised in respect to trade and other receivables	**(399)**	(146)	**–**	–	**–**	–	**–**	–	**(399)**	(146)
Impairment loss recognised in respect of inventories (included in cost of sales)	**551**	654	**–**	–	**–**	–	**–**	–	**551**	654
Re-measurement of interest in an associate to fair value on business combination	**–**	–	**–**	–	**(235,663)**	–	**–**	–	**(235,663)**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	(1,361)	**–**	(1,361)
Amounts regularly provided to the CODM but not included in the measure of segment profit (loss)										
Share of result of associates	**–**	–	**–**	–	**–**	–	**(10,086)**	(137)	**(10,086)**	(137)
Gain on fair value changes of investment properties	**–**	–	**–**	–	**–**	**–**	**(2,036)**	(1,281)	**(2,036)**	(1,281)
Bank interest income	**(1,328)**	(2,000)	**(1,440)**	(388)	**(208)**	–	**(628)**	(1,012)	**(3,604)**	(3,400)
Finance costs	**3,607**	3,656	**421**	361	**227**	–	**1,022**	–	**5,277**	4,017
Income tax expenses	**41,422**	14,918	**6,373**	8,914	**(4,067)**	–	**–**	–	**43,728**	23,832

Geographical information

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

Information about major customers

No information about major customer is presented as no single customer contributed over 10% of the total turnover of the Group during the years ended 31 March 2012 and 2011.

5. OTHER OPERATING INCOME

	2012 *HK$'000*	2011 *HK$'000*
Bank interest income	**3,604**	3,400
Other loan interest income	**428**	2,141
Gain on fair value changes of investment properties	**2,036**	1,281
Exchange gain, net	**2,151**	1,883
Dividend income	**198**	491
Interest income from held-to-maturity investments	**1,823**	–
Repair and maintenance income	**1,143**	–
Rental income from investment properties, net of outgoing *(Note a)*	**238**	249
Other rental income, net of outgoing *(Note b)*	**1,730**	269
Government grants *(Note c)*	**–**	4,109
Sales of gas appliance:		
– Income	**3,228**	4,807
– Cost of sales	**(2,645)**	(4,304)
	583	503
Storage management fee income	**2,720**	–
Reversal of impairment loss recognised in respect of trade and other receivables	**399**	146
Others	**2,711**	1,129
	19,764	15,601

Notes:

(a) The amount represents net rental income generated from investment properties after deducting direct operating expenses of approximately HK$26,000 (2011: HK$15,000).

(b) The amount represents net rental income generated from other assets after deducting direct operating expenses of approximately HK$3,361,000 (2011: HK$72,000).

(c) For the year ended 31 March 2011, the amount represented unconditional grants from the PRC government specifically for encouraging the Group's business development in the PRC and one-off government grant for the Group's enlarged investment in a subsidiary.

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on other loans wholly repayable within five years *(Note 12)*	–	457
Imputed interest for amount due to a director wholly repayable after five years	**788**	–
Interest on bank loans wholly repayable within five years	**4,489**	3,101
Interest on bank loans wholly repayable after five years	**12,739**	10,262
	18,016	13,820
Less: amount capitalised in construction in progress *(Note)*	**(12,739)**	(9,803)
	5,277	4,017

Note: The borrowing costs have been capitalised at a rate of 5.31% to 5.76% per annum (2011: 5.19% to 6.87%).

7. INCOME TAX EXPENSES

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**46,084**	20,688
– Under (over) provision in prior years	**2,163**	(1,640)
Deferred tax liabilities		
– Current year	**(4,519)**	4,784
	43,728	23,832

No provision for Hong Kong Profits Tax has been made since the Group had no assessable profit for the years ended 31 March 2012 and 2011.

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.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Company are still subject to the entitlement of summarised tax holidays (including two-year exemption and three-year half rate) under the then existing preferential tax treatments, the summarised tax holiday is allowed to be carried forward to 2008 and future years until their expiry. However, if an entity has not yet commenced its tax holiday due to its loss position, the tax holiday is deemed to commence from 2008 onwards.

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2012	2011
	HK$'000	*HK$'000*
Staff costs, including directors' and senior management's emoluments		
– Salaries, wages, allowances and benefits in kind	**89,212**	59,349
– Retirement benefits scheme contributions	**3,656**	3,465
– Equity-settled share-based payments	**–**	9,254
	92,868	72,068
Cost of inventories recognised as expenses	**776,161**	571,925
Auditor's remuneration	**2,090**	1,900
Depreciation of property, plant and equipment	**33,336**	24,170
Impairment loss recognised in respect of inventories (included in cost of sales)	**551**	654
Equity-settled share-based payments *(Note)*	**–**	7,364
Amortisation of prepaid lease payments	**826**	719
Amortisation of intangible assets	**20,887**	4,300
Share of tax of associates (included in share of results of associates)	**(5,543)**	1,532

Note: The amounts represented the fair value of consultancy and advisory services provided to the Group during the year ended 31 March 2011.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2012 (2011: nil), nor has any dividend been proposed since the end of the reporting period (2011: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of basic and diluted earnings per share is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**296,815**	45,639
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**5,082,985,951**	4,082,224,554

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the average market price of the Company's share for years ended 31 March 2012 and 2011. The basic and the diluted earnings per share are the same.

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bill receivables	**73,184**	51,369
Less: Impairment loss recognised in respect of trade and bill receivables	**(11,401)**	(6,820)
	61,783	44,549
Other receivables	**129,940**	211,078
Less: Impairment loss recognised in respect of other receivables	**(23,458)**	(25,542)
	106,482	185,536
	168,265	230,085

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.

An aged analysis of the trade and bill receivables (net of impairment loss recognised) as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current to 90 days	**41,862**	29,531
91 days to 180 days	**8,559**	6,385
Over 180 days	**11,362**	8,633
	61,783	44,549

An analysis of the other receivables by nature (net of impairment loss recognised) as at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Prepayments	**16,967**	12,537
Deposit paid / payment in advance to suppliers	**71,970**	59,619
Others	**17,545**	17,247
Amount due from a former associate	**–**	3,556
Consideration receivable for assets disposal	**–**	76,634
Amount due from a shareholder of an associate	**–**	14,032
Interest receivables from other loan to shareholder of an associate	**–**	1,911
	106,482	185,536

The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

The following is an analysis of major components of the balance with aged analysis of trade payables based on the invoice date:

	2012	2011
	HK$'000	*HK$'000*
Trade payables, falling due in:		
Current to 90 days	**40,760**	35,512
91 to 180 days	**11,182**	12,523
Over 180 days	**27,288**	20,422
Trade payables	**79,230**	68,457
Deposit received from customers *(Note i)*	**150,064**	139,333
Customer gas deposits and other deposit received	**24,895**	10,840
Gas fuel income received in advance	**24,695**	22,817
Commission income from lottery sales received in advance	**114**	–
Other payables for the purchase of property, plant and equipment, intangible assets and prepaid lease payments	**1,700**	916
Other loans *(Note ii)*	**–**	2,371
Accrued charges and other payables	**35,952**	32,841
	316,650	277,575

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Notes:

(i) Deposits received from customers represent the gas pipeline connection fee received but the pipelines have not yet been completed as at the end of the reporting period.

(ii) Other loans as at 31 March 2011 were unsecured, interest bearing at rates ranging from nil to 7.47% per annum and repayable within one year. The amount has been settled during the year ended 31 March 2012.

13. ACQUISITION OF SUBSIDIARIES

On 13 June 2011, the Company, as a purchaser, entered into the agreement with Yongheng Development Corporation Limited ("Yongheng Development"), pursuant to which the Company has conditionally agreed to purchase and Yongheng Development has conditionally agreed to sell the entire interest in Grand Destiny for a total consideration of approximately HK$380,568,000, which is satisfied by (i) allot and issue of 1,727,729,582 consideration shares of the Company of HK$0.194 each determined using the closing market price of 1 September 2011, the date of acquisition and exchange of control, amount to HK$335,179,000; and (ii) set-off against the loan due from Yongheng Development amounting to HK$43,050,000 and the related accrued interest up to 10 June 2011 of approximately HK$2,339,000. Before the acquisition, the Group held 40% equity interest in Shenzhen Le Cai and upon the completion of the acquisition, Grand Destiny indirectly held the remaining 60% equity interest in Shenzhen Le Cai. The transaction had been completed on 1 September 2011. Grand Destiny was acquired so as to continue the expansion of the Group's lottery agency business. Details of the identifiable assets and liabilities acquired and the calculation of goodwill are as follows:

	Fair values of identifiable assets and liabilities *HK$'000*
Intangible assets	781,646
Property, plant and equipment	3,782
Bank balances and cash	18,506
Trade and other receivables	144,507
Inventories	226
Trade and other payables	(95,490)
Amount due to a director	(30,759)
Deferred tax liabilities	(195,411)
	627,007
Goodwill	41,301
Total consideration	668,308
Satisfied by:	
Fair value of previously held interest in Grand Destiny	287,740
Set-off of amount due from Yongheng Development	45,389
Consideration shares	335,179
	668,308
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	18,506

The intangible assets represent the license of operating lottery business in Shenzhen, the PRC. The fair value is estimated by an independent and professionally qualified valuer, Assets Appraisal Limited, and calculated using multi-purpose excess earning method based on the cash flow projection, royalty rate and discount rate adopted by the management of the Grand Destiny.

Goodwill arose in the acquisition of Grand Destiny because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation of benefit of expected revenue growth, future market development and the assembled workforce of Grand Destiny. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

The fair value of the previously held interest held by the Group which is approximate to the proportion of fair value of the assets and liabilities of Grand Destiny attributable to the Group on the acquisition date was estimated by an independent and professionally qualified valuer, Assets Appraisal Limited. The fair value estimates are calculated using discounted cash flow method based on cash flow projection, growth rate and discount rate adopted by the management of the Grand Destiny.

The Group recognised a gain of HK$235,663,000 as a result of the remeasurement of previously held interest.

Included in the profit for the year is loss of HK$26,492,000 attributable to the additional business generated by Grand Destiny. Revenue for the year included HK$432,000 generated from Grand Destiny.

14. COMMITMENTS

	2012	2011
	HK$'000	*HK$'000*
Contracted for but not provided in the consolidated financial statements		
Capital expenditure in respect of:		
Investment in an associate	**163,444**	157,658
Property, plant and equipment	**18,671**	49,041
	182,115	206,699

15. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure bank borrowings of the Group.

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment	**2,410**	5,205
Intangible assets – exclusive rights of operations	**2,238**	2,267
Bank deposits	**5,390**	8,228
Prepaid lease payments in respect of land use rights	**10,336**	8,206
	20,374	23,906

FINANCIAL HIGHLIGHTS

Items	For the year ended 31 March		
	2012	2011	**Change**
	HK$'000	*HK$'000*	***HK$'000***
Turnover:			
Provision of piped Gas Fuel	**787,951**	598,084	**189,867**
Transportation, distribution and retail of bottled LPG	**330,619**	255,784	**74,835**
Lottery agency sales	**432**	–	**432**
Total	**1,119,002**	853,868	**265,134**
Segment results:			
Provision of piped Gas Fuel	**136,116**	111,955	**24,161**
Transportation, distribution and retail of bottled LPG	**12,732**	57,554	**(44,822)**
Lottery agency sales	**(29,518)**	–	**(29,518)**
Total	**119,330**	169,509	**(50,179)**
Gain on disposal of subsidiaries	**–**	1,361	**(1,361)**
Re-measurement of interest in an associate to fair value on business combination	**235,663**	–	**235,663**
Loss on disposal of available-for-sale financial assets	**–**	(64,426)	**64,426**
Equity-settled share-based payments	**–**	(16,618)	**16,618**
Other revenues and expenses (net)	**(5,837)**	(18,351)	**12,514**
Profit before tax	**349,156**	71,475	**277,681**
Profit attributable to owners of the Company	**296,815**	45,639	**251,176**
Earnings per share			
Basic and diluted (HK cents per share)	**5.84**	1.12	**4.72**
Profit before tax	**349,156**	71,475	**277,681**
Adjustments for:			
Re-measurement of interest in an associate to fair value on business combination	**(235,663)**	–	**(235,663)**
Gain on disposal of subsidiaries	**–**	(1,361)	**1,361**
Loss on disposal of available-for-sale financial assets	**–**	64,426	**(64,426)**
Gain on disposal of property, plant and equipment and prepaid lease payments	**(422)**	(52,720)	**52,298**
Equity-settled share-based payments	**–**	16,618	**(16,618)**
Profit before tax excluded non-operational items	**113,071**	98,438	**14,633**

BUSINESS REVIEW

Provision of piped Gas Fuel business

The provision of piped Gas Fuel is the major business of the Group, which comprises a major income source of the Group. Through the construction and maintenance of urban piped Gas Fuel network, the Group has always been dedicated to supply piped Gas Fuel to the vast urban household and industrial and commercial customers. During the reporting period, the Group achieved a rapid development progress, as a result of its ongoing effort to expand its customer base and increase its coverage of piped Gas Fuel.

During the year ended 31 March 2012, the Group achieved piped Gas Fuel sales of 265.90 million cubic meters ("m^3") in total, representing a growth of 24.44% over the corresponding period of last year. Among the total sales, 50.72 million m^3 were made to the household customers, which represented a growth of 39.15% over the corresponding period of last year, and 215.18 million m^3 were made to the industrial and commercial customers, which represented a growth of 21.42% over the corresponding period of last year.

During the year ended 31 March 2012, the Group had an addition of 88,620 units of household customers and 449 units of commercial and industrial customers. As at the end of the reporting period, the Group had an accumulated number of connected household customers of 465,210 units and commercial and industrial customers of 3,311 units, representing an increase of 23.53% and 15.69% respectively as compared to the corresponding period of last year.

During the year ended 31 March 2012, the Group recorded an income of approximately HK$787,951,000 from the provision of piped Gas Fuel, representing a growth of 31.75% as compared with the corresponding period of last year, accounting for approximately 70.41% of the Group's annual turnover. Gross profit margin maintained at around 30% to 32%. The stable gross profit margin was mainly due to the increased sales of Gas Fuel which generates stable and longer term income stream, compared with one-off connection fee that generating higher gross profit margin.

Transportation, distribution and retail of bottled LPG business

The business of transportation, distribution, and retail of bottled LPG has achieved swift development and become one of the principal businesses of the Group since its official commencement in 2007. During the reporting period, the Group continued exploring its LPG business in various regions to increase its LPG market shares, which bring about the acquisitions of 49.90% and 20.12% equity interest in 百江西南燃氣有限公司(Pan River Gas (China Southwest) Co., Ltd.* ("Southwest Panva")) and 雲南百江燃氣有限公司(Panva Gas (Yunnan) Co., Ltd.* ("Yunnan Panva")) respectively. Meanwhile, the Group invested in the establishment of 洪江中民燃氣有限公司(Hongjiang Zhongmin Gas Co., Ltd.* ("Hongjiang Zhongmin")) and 會同中民燃氣有限公司(Huitong Zhongmin Gas Co., Ltd.* ("Huitong Zhongmin")). Such acquisitions and investment resulted in the expansion of the Group's LPG market shares in the Southwest region and Hunan Province. In particular, benefiting from the synergy effects as a result of the acquisitions of Southwest Panva and Yunnan Panva, the Group enjoyed a dominating position in the LPG markets in Yunnan and Guizhou, which significantly enhanced the Group's brand influence.

* *For identification purpose only.*

During the year ended 31 March 2012, sales of LPG by the Group reached 36,993 tons in total, representing an increase of 2.11% over the corresponding period of last year. The Group realised a total income from sales of LPG of approximately HK$330,619,000, representing an increase of 29.26% over the corresponding period of last year. Income from the transportation, distribution and retail of bottled LPG accounted for approximately 29.55% of the turnover.

Lottery agency sales business

On 13 June 2011, the Company entered into an agreement with Yongheng Development, the former controlling company of Shenzhen Le Cai, pursuant to which, the Company has conditionally agreed to purchase the remaining 60% equity interest in Shenzhen Le Cai for a total consideration of approximately HK$380,568,000. Shenzhen Le Cai is a company invested and established in Shenzhen, the PRC, which exclusively engaged in the lottery-related businesses. In particular, Shenzhen Le Cai is principally engaged in the commissioned sales of "Keno Games Lottery"（快樂彩）and China Welfare Lottery (including but not limited to "Shenzhen Feng Cai"（深圳風采）, "Shuang Se Qiu"（雙色球）,"Qi Le Cai"（七樂彩）,"3D" etc.). Details of the acquisition have been set out in the Company's circular dated 12 August 2011. Upon the completion of the transaction, Shenzhen Le Cai has become a wholly-owned subsidiary of the Group.

On 27 November 2011, the launching ceremony of "Keno Games Lottery", a sort of China Welfare Lottery, was officially commenced in Shenzhen. Upon the launching of "Keno Games Lottery", a complex lottery distributing approach was adopted at various betting stations/lottery betting stores. Under the approach, the distribution of "Keno Games Lottery", China Welfare Lotteries and paper-based instant lotteries (such as Gua Gua Le) have been available in every lottery betting stations/stores. As at 31 March 2012, Shenzhen Le Cai has set up 3 lottery betting stations and 19 lottery betting stores across the Shenzhen City. All of these lottery betting stations/stores have already commenced its business, locating in Futian District (with 1 lottery betting station and 3 lottery betting branches), Nanshan District (with 1 lottery betting station and 3 lottery betting stores), Longgang District (with 1 lottery betting station and 3 lottery betting stores), Bouan District (with 8 lottery betting stores) and Lowu District (with 2 lottery betting stores). These regions are all benefited from its intense commercial activities and high population density. "Keno Games Lottery", being a brand-new type of lottery, requires certain period of marketing development. Starting with being newly introduced, it takes time to be accepted by the vast base of bettors. In response to this, Shenzhen Le Cai has adopted a rather prudent operating approach during the initial stage, by slowing down its investment in the establishment of new stores. At present, lottery bettors have understood the rules of "Keno Games Lottery" to a certain extent, and accepted this quick-resulted and high-odds lottery type. In view of this, Shenzhen Le Cai will scale up the stores-opening progress, in order to increase its store-coverage in Shenzhen District. Through the increased advertising efforts aimed to boost our sales and the promotion across the regions outside Shenzhen, the Group will accomplish its expected goal in lottery business. In addition the Group will devote itself in exploring different types of new lotteries and businesses. Shenzhen Jin Cai has been granted with the "Value-added Telecom Service Operation License" by the Ministry of Industry and Information Technology.

NEW PROJECTS DURING THE REPORTING PERIOD

Acquisition of 49.90% equity interest in Southwest Panva

On 25 March 2011, Beijing Zhonglian Huaan Investment Co., Ltd. ("Zhonglian Huaan"), a wholly owned subsidiary of the Group, acquired 49.90% of equity interest in Southwest Panva through a bid auction, at a total consideration of RMB35,000,000 (equivalent to approximately HK$43,012,000). The transaction was completed in October 2011. Southwest Panva is a company established in 1998, which is principally engaged in wholesaling and retailing of LPG in Guizhou Province, the PRC. Given that LPG is the dominant gas fuel used in Guizhou region where natural resources are in lack, Southwest Panva enjoys a relatively significant market share in the region. As Guizhou Zhongmin Gas Co., Ltd. ("Guizhou Zhongmin", a wholly-owned subsidiary of the Group) is currently in progress of relocation and construction, the acquisition will be beneficial for the future business development of Guizhou Zhongmin, in respect of the bargaining power over the purchase of gas resources, market expansions as well as the company presence and brand reputation. The acquisition has also enlarged the Group's LPG market share in the Southwest region.

Acquisition of 20.12% equity interest in Yunnan Panva

On 9 June 2011, Zhonglian Huaan acquired 20.12% of equity interest in Yunnan Panva through a bid auction, at a total consideration of RMB26,000,000 (equivalent to approximately HK$31,951,000). The transaction was completed in Feburary 2012. Yunnan Panva is principally engaged in wholesaling and retailing of LPG in the Yunnan Province. Given that LPG is the dominant gas fuel used in Yunnan region where natural resources are in lack, Yunnan Panva enjoys a relatively significant market share in the region. Following the establishment of Yunnan Zhongmin Gas Co., Ltd. ("Yunnan Zhongmin") in the Yunnan Province for operating LPG business, the Group will further strengthen its LPG business scope upon the acquisition, benefiting Yunnan Zhongmin from economies of scale and synergy effects. Hence, the Group will enjoy a dominating position in the LPG markets in Yunnan and will gain further advantages in respect of its bargaining power over the merchandising of gas source.

Investment in the establishment of Huaihua Gas Appliances, Hongjiang Zhongmin and Huitong Zhongmin

During the year, the Company invested in three joint venture companies in Huaihua City, Hongjiang City and Huitong county of Hunan Province, namely 懷化中民燃器具銷售安裝有限公司(Huaihua Zhongmin Gas Appliances Installation Ltd.* ("Huaihua Gas Appliances")), Hongjiang Zhongmin and Huitong Zhongmin, in which the Group holds respectively 19.00% of each of their equity interests. The principal business scope of the these companies involves: sales and installation of gas fuel equipments; sales of the components and spare parts; contracting for gas fuel constructions; sales of LPG, steel cylinders and gas appliances; transportation of dangerous stock; and sales of chemical products. Investment in form of share participation allows the Group being entitled to participate in

* *For identification purpose only.*

the operations of these enterprises with less fund contributions, and realising the "Four Standardisations" (i.e. the standardisation of resources supply, the standardisation of brands and of services, the standardisation of management and the standardisation of safety regulations). Thus, enhancement of overall corporate efficiency and extension of corporate presence are assured.

DISPOSAL PROJECT DURING THE REPORTING PERIOD

Disposal of an associate – Zhongmin Zai Xian

Based on the strategic need of the Group as a whole, in addition to the fact that the lottery business of Shenzhen Le Cai is launched and is running well currently, the Group disposed 40.00% of its equity interest in Zhongmin Zai Xian (Beijing) Technology Development Limited ("Zhongmin Zai Xian"), an associate owned by the Group, at a cash consideration of RMB1 (equivalent to HK$1) to an independent third party. The Group has discontinued recognition of its share of losses of this associate since the Group's share of losses in this associate has exceeded its interest. The gain of HK$1 contributed by the disposal will not materially affect the result of financial position of the Group.

FINANCIAL REVIEW

Gross profit

During the year ended 31 March 2012, the Group's business realised a gross profit of HK$293,244,000 (2011: HK$229,749,000), representing an increase of 27.64% as compared with the corresponding period of last year. The overall gross profit margin was 26.21% (2011: 26.91%).

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2012, the total assets of the Group was approximately HK$2,730,973,000, and current liabilities, non-current liabilities, equity attributable to owners of the Company and non-controlling interests amounted to approximately HK$443,368,000, HK$457,332,000, HK$1,748,513,000, and HK$81,760,000, respectively.

As at 31 March 2012, the Group's cash and cash equivalents amounted to approximately HK$349,734,000 (2011: approximately HK$262,763,000), and the total borrowings were equivalent to approximately HK$284,555,000 (2011: approximately HK$216,668,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to borrowings and owners' equity, was 14.00% (2011: 16.66%).

Operating cash flow before movements in working capital amounted to approximately HK$161,624,000, representing an increase of 23.28% from the last year.

Net cash used in investing activities amounted to approximately HK$187,489,000, representing a decrease of 10.71% form the last year.

Net cash generated from financing activities of approximately HK$29,165,000 representing an increase of 17.40% form the last year.

BORROWINGS STRUCTURE

As at 31 March 2012, the total borrowings of the Group were approximately HK$284,555,000 (2011: approximately HK$216,668,000), which mainly comprised domestic bank borrowings denominated in Renminbi of the project companies in the PRC. The borrowings, which carried interest at fixed rates or the interest rates announced by People's Bank of China, were applied to gas pipeline construction, as general working capital and for operating expenses. Apart from the borrowings with an amount equivalent to approximately HK$238,674,000 which were secured by certain assets with a carrying amount of approximately HK$20,374,000, others were unsecured. Short-term borrowings amounted to approximately HK$66,920,000, while others were long-term borrowings due after one year.

CAPITAL STRUCTURE

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

EXPOSURE TO FOREIGN EXCHANGE RATE RISK

All of the Group's operations are carried out in the PRC and substantially all of its incomes and expenses are denominated in RMB. During the year ended 31 March 2012, the exchange rate of RMB had shown small-scale fluctuations. The Group will closely monitor the market exchange rates and make appropriate adjustment when necessary.

CAPITAL COMMITMENTS

As at 31 March 2012, the Group's capital commitments amounted to approximately HK$182,115,000, mainly attributable to running district gas pipeline construction and for the purpose of investment in Zhonghua Yongbaofu.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group had no material contingent liabilities.

EVENTS AFTER REPORTING PERIOD

On 23 May 2012, the Group signed a constitutional document for setting up Shenzhen Cai Cai Le Electronic Entertainment Technology Development Limited. Its registered capital is RMB18,000,000 in which the Group holds 100% equity interest. It engages in the development of intelligent electronic game software technology and equipment.

PROSPECTS

Piped gas fuel business

The natural gas industry in the PRC achieved a swift development in recent years. The proven reserve of domestic natural gas has recorded a rapid growth, with an annual increase of proven reserves remained at 400 billion – 500 billion m^3. The natural gas consumption structure is optimising continuously, resulting in a balanced and diversified development among various industries gradually. As the consumption growth of Compressed Natural Gas (CNG) vehicles is specifically drastic, the consumption rate of natural gas power generation has also raised greatly. The natural gas industry achieved a swift development in 2011, with apparent consumption rate of 129 billion m^3, increased by 20.6%. Among this, the amount of import reached 31 billion m^3 which increased by 82.3%. During the period under the execution of the plan of "Twelfth Five Year", the PRC government will aggressively commit itself on the application of natural gas. As expected, the percentage of natural gas will raise from 4% to 8% in the energy consumption by the end of "Twelfth Five Year" (2015), resulting in an annual production of natural gas of 260 billion m^3. The natural gas supply capacity will continuously grow in a rapidly and there will be diversified sources of supply. It is estimated that the natural gas productivity in the PRC will reach 222.1 billion m^3 in 2020. Meanwhile, the PRC has implemented favourable financial and taxation policies to support the development of unconventional natural gas resources such as coal-bed methane gas and shale gas, with a view to utilise them as an effective supplement to domestic conventional natural gas resources. By importing more external resources, four importing pathways (which mainly consist of the Sino-Asia, the Sino-Myanmar, the Sino-Russian overland gas pipelines and coastal LNG) have been formed. The PRC also explore the overseas segment through proactive overseas merges and acquisitions in order to secure domestic demand of gas consumption. Under the nation's policies of encouraging both private and foreign capital to engage in the field of petroleum and natural gas construction through co-operation with state-owned enterprises, there will be diversified gas sources and diversified gas supply enterprises among the domestic natural gas market in the future. The Group will definitely follow the trend and seize the opportunities. Among the regions where our piped gas fuel business is located, the Group will solidify and explore the markets, with our further enhanced service standard. It is believed that the piped gas fuel business of the Group will step forward during the upcoming years.

LPG business

Currently, the gas market in the PRC mainly comprises of three parts, namely LPG, natural gas and town gas. Due to its requirements of complicated technology, huge investment and high risk, the development of town gas is limited. Therefore, LPG is the major supplemental energy of natural gas. After experiencing the rapid growth since 1990, the LPG market of the PRC has formed a market operation of approximately 24 million tons, being the second largest global LPG consumption market which is weaker than the United States only. The LPG market in the PRC is staying at the developing stage, which is far from mature. Following the promotion of the domestic natural gas prices reform, the prices of natural gas shall be raising and getting in line with the international market. This situation implies that the price margin between natural gas and LPG will be narrow in the future. Hence, there will be a new LPG development opportunities. The Group will seize the opportunities to expand its market presence by intensively focusing on the construction of retailer market, expansion of retailer networks, and perfection of service quality.

Lottery agency business

According to the statistics published by the Ministry of Finance of China, the nationwide lottery sales in 2011 exceeded RMB200 billion and reached RMB221.6 billion, rose by RMB55.3 billion or 33%, of which the welfare lottery sales increased by RMB31.0 billion or 32.0% to RMB127.8 billion. Meanwhile, the Ministry of Finance, the Ministry of Civil Affairs and State General Administration of Sports jointly announced the "Implementing Rules for the Regulations on the Administration Lotteries". Following the implementation of the "Regulations on the Administration Lotteries" in July 2009, it is another significant success in legalising the construction and regulating the management of lotteries in the PRC, which provides the development and management of lotteries in the PRC with a significant systematic protection. The lottery business of Shenzhen Le Cai has been commenced with a positive market respond. With the expanding scope of sales of Shenzhen Le Cai, the Group will capture the great opportunities arising from the fast-growing lottery market in the PRC and explore the market share with our best effort. As we believed, the prospects of the Group's lottery business will be very broad in the future. Lottery business will definitely generate sufficient cash flow and great investment returns for the Group.

Looking ahead, the Group will continue to maintain the constant development of the piped Gas Fuel business, explore the LPG market with active progress, boost the development of various lottery businesses aggressively and expand the market share with our best effort, aiming to maximise the investment returns for the shareholders and investors as a whole.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2012.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company, comprising all independent non-executive directors, has reviewed the accounting principles and practices adopted by the Company and have discussed auditing, internal control and financial reporting matters. The audit committee has reviewed the Group's financial statements for the year ended 31 March 2012.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to practice high standard of corporate governance in its daily management and operations. The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "Code") as stated in Appendix 14 to the Listing Rules, amended from time to time. As far as the Code is concerned, the Company complies with all aspects of the Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors, amended from time to time. Following specific enquiry by the Company, all Directors confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 March 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.681hk.com) and the Stock Exchange (www.hkex.com.hk). The 2011/2012 Annual Report of the Company containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

As at the date of this announcement, the Board comprises seven Executive Directors, namely, Mr. Xu Ruixin (Honourable Chairman), Mr. Yang Songsheng (Executive Chairman), Dr. Mo Shikang (Chairman), Mr. Zhang Hesheng (Deputy Chairman), Mr. Yeung Paak Ching (Co-managing Director), Mr. Jin Song (Co-managing Director) and Mr. Chu Kin Wang Peleus, and three Independent Non-executive Directors, namely, Dr. Liu Junmin, Mr. Tan Qinglian and Mr. Sin Ka Man.

On behalf of the Board of
Chinese People Holdings Company Limited
Mr. Jin Song
Co-managing and Executive Director

Beijing, 29 June 2012