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 2013 AND RESUMPTION OF TRADING

FINANCIAL AND BUSINESS HIGHLIGHTS

During the year, revenue grew 35.74% year-on-year to approximately HK$1,518.89 million (2012: approximately HK$1,119.00 million).

Loss for the year amounted to approximately HK$401.57 million while the profit for 2012 amounted to approximately HK$305.43 million. Such loss was mainly attributable to (i) the substantial impairment loss recognised in respect of intangible assets – exclusive rights of operation of lottery sales of the Group as a result of the longer than expected time required for the development of lottery agency business in the PRC; and (ii) no other income such as re-measurement of interest in an associate to fair value on business combination is recognised in this reporting period.

Excluding impairments and other one-off non-cash items, profit before tax increase 25.77% to approximately HK$142.75 million (2012: approximately HK$113.49 million).

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 July 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 25 July 2013.

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 2013 together with the comparative figures for the corresponding year of 2012 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	3	**1,518,889**	1,119,002
Cost of sales and services		**(1,140,185)**	(825,758)
Gross profit		**378,704**	293,244
Other operating income	5	**31,031**	19,764
Fair value change of contingent consideration		**74,154**	–
Selling and administrative expenses		**(260,573)**	(198,496)
(Loss) gain on disposal of property, plant and equipment and prepaid lease payments		**(790)**	422
Share of results of associates		**5,343**	10,086
Finance costs	6	**(7,667)**	(5,277)
Re-measurement of interest in an associate to fair value on business combination		**–**	235,663
Bargain purchase gain for acquisition of jointly controlled entities		**27,441**	–
Impairment loss recognised in respect of goodwill		**(41,301)**	–
Impairment loss recognised in respect of intangible assets		**(740,538)**	–
Impairment loss recognised in respect of property, plant and equipment		**(5,243)**	–
Impairment loss recognised in respect of trade and other receivables		**(3,303)**	(6,250)
(Loss) profit before tax		**(542,742)**	349,156
Income tax credit (expenses)	7	**141,171**	(43,728)
(Loss) profit for the year	8	**(401,571)**	305,428

	Note	2013 HK$'000	2012 HK$'000
Other comprehensive income (expense) for the year			
Exchange differences arising on translation of foreign operations		**6,627**	34,554
Share of exchange differences of associates		**221**	2,029
Loss on fair value changes of available-for-sale financial assets		**–**	(2)
Other comprehensive income for the year		**6,848**	36,581
Total comprehensive (expenses) income for the year		**(394,723)**	342,009
(Loss) profit for the year attributable to:			
Owners of the Company		**(421,502)**	296,815
Non-controlling interests		**19,931**	8,613
		(401,571)	305,428
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(424,251)**	329,828
Non-controlling interests		**29,528**	12,181
		(394,723)	342,009
		HK cents	HK cents
(Loss) earnings per share – basic and diluted	*9*	**(7.25)**	5.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,067,077**	884,260
Investment properties		**28,719**	26,825
Prepaid lease payments		**78,919**	49,870
Goodwill		**97,524**	138,301
Intangible assets		**86,215**	869,980
Interests in associates		**41,317**	38,811
Available-for-sale financial assets		**9,048**	83,961
Deposits paid for acquisition of property, plant and equipment and prepaid lease payments		**42,755**	24,912
		1,451,574	2,116,920
Current assets			
Inventories		**77,250**	47,854
Trade and other receivables	*10*	**341,263**	168,265
Amount due from an associate		**1,038**	1,032
Amount due from a jointly controlled entity		**337**	–
Prepaid lease payments		**2,391**	1,224
Held-to-maturity investments		**–**	40,554
Pledged bank deposits		**6,311**	5,390
Bank balances and cash		**388,537**	349,734
		817,127	614,053
Current liabilities			
Trade and other payables	*11*	**369,951**	316,650
Tax liabilities		**66,845**	55,936
Amount due to a director		**4,218**	3,833
Amount due to a joint venturer		**–**	28
Amount due to an associate		**–**	1
Bank borrowings – due within one year		**137,395**	66,920
		578,409	443,368
Net current assets		**238,718**	170,685
Total assets less current liabilities		**1,690,292**	2,287,605

	2013	2012
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**406,697**	406,697
Reserves	**912,992**	1,341,816
Equity attributable to owners of the Company	**1,319,689**	1,748,513
Non-controlling interests	**109,833**	81,760
Total equity	**1,429,522**	1,830,273
Non-current liabilities		
Bank borrowings – due after one year	**215,991**	217,635
Amount due to a director	**25,560**	27,714
Deferred tax liabilities	**19,219**	211,983
	260,770	457,332
	1,690,292	2,287,605

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Surplus reserve fund HK$'000	Capital contribution HK$'000	Share-based compensation reserve HK$'000	Property revaluation reserve HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits (accumulated losses) HK$'000	Attributable to owners of the Company HK$'000	Non-Controlling Interests HK$'000	Total HK$'000
At 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 (expense) income for the year														
Loss on fair value changes of available-for-sale financial assets	–	–	–	–	–	–	–	–	(2)	–	–	(2)	–	(2)
Share of exchange differences of associates	–	–	–	–	–	–	–	–	–	2,029	–	2,029	–	2,029
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	30,986	–	30,986	3,568	34,554
Total other comprehensive (expense) 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 and 1 April 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
Loss for the year	–	–	–	–	–	–	–	–	–	–	(421,502)	(421,502)	19,931	(401,571)
Other comprehensive (expenses) income for the year														
Share of exchange differences of associates	–	–	–	–	–	–	–	–	–	221	–	221	–	221
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(2,970)	–	(2,970)	9,597	6,627
Total other comprehensive (expense) income for the year	–	–	–	–	–	–	–	–	–	(2,749)	–	(2,749)	9,597	6,848
Total comprehensive (expenses) income for the year	–	–	–	–	–	–	–	–	–	(2,749)	(421,502)	(424,251)	29,528	(394,723)
Change in ownership interests in jointly controlled entities	–	–	–	–	–	–	–	–	–	–	(4,573)	(4,573)	–	(4,573)
Appropriations	–	–	–	–	13,409	–	–	–	–	–	(13,409)	–	–	–
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,455)	(1,455)
At 31 March 2013	406,697	829,761	2,182	89,800	63,213	7,482	16,618	454	19	167,494	(264,031)	1,319,689	109,833	1,429,522

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 sales and distribution of natural gas and liquefied petroleum gas ("LPG") (collectively referred to as "Gas Fuel") including the sales of LPG in bulk and in cylinders, the provision of piped Gas Fuel, construction of gas pipelines, the operation of city gas pipeline network and lottery agency 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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to Hong Kong Accounting Standard ("HKAS") 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time through rental income and that the presumption set out in the amendments to HKAS 12 is rebutted. As a result, the Group continues to measure the deferred tax relating to these investment properties on the basis that the entire carrying amounts of the properties were recovered through use. Thus, the Directors concluded that the application of the amendments to HKAS 12 has no material effect on the Group.

New and revised HKFRSs issued but not yet effective

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

Amendment to HKFRSs	Annual Improvements 2009-2011 Cycle[1]
Amendment to HKFRS 1	First-time Adoption of HKFRSs – Government Loan[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[4]
Amendments to HKAS 39	Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[2]
Amendments to Hong Kong (International Financial Reporting Interpretation Committee) ("IFRIC") – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[1]
Hong Kong (IFRIC) – Int 21	Levies[2]

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

Other than set out below, the Directors anticipated that the application of the new and revised HKFRSs would have no material impact on the results and the consolidated financial positions of the Group.

Amendments to HKAS 1 Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. The effective date of these amendments is annual periods beginning on or after 1 January 2013.

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the provisional guidance, are effective for annual periods beginning on or after 1 April 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards will have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 11 will result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation.

The application of HKFRS 11 will change the classification and subsequent accounting of the Group's controlled entities. Under HKAS 31, the Group's jointly controlled entities have been accounted for using proportionate consolidation method. Under HKFRS 11, the Group's jointly controlled entities will be classified as joint ventures and will be accounted for using the equity method, resulting in the aggregation of the Group's proportionate share of respective net assets and items of profit or loss and other comprehensive income into a single line item which will be presented in the consolidated statement of financial position and in the consolidated statement of comprehensive income as "investment in joint ventures" and "share of profits (loss) of joint ventures" respectively.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors anticipated that the application of other new and revised standards, amendments or interpretation would have no material impact on the results and the financial position of the Group.

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:

	2013	2012
	HK$'000	*HK$'000*
Provision of piped Gas Fuel	**692,631**	590,618
Pipelines construction	**234,754**	197,333
Transportation, distribution and bottled retail of LPG	**589,351**	330,619
Commission income from welfare lottery sales	**2,153**	432
	1,518,889	1,119,002

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.

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

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

2. Transportation, distribution and bottled retail of 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 – agent to operate and sales of welfare lottery tickets and it was regarded as new business segment of the Group in last year.

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

For the year ended 31 March	Provision of piped Gas Fuel		Transportation, distribution and bottled retail of LPG		Lottery agency		Consolidation	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**927,385**	787,951	**589,351**	330,619	**2,153**	432	**1,518,889**	1,119,002
Segment profit (loss)	**172,513**	134,095	**28,458**	12,732	**(844,686)**	(29,518)	**(643,715)**	117,309
Unallocated income							**21,025**	10,188
Unallocated corporate expenses							**(19,323)**	(18,813)
Re-measurement of interest in an associate to fair value on business combination							**–**	235,663
Fair value change of contingent consideration							**74,154**	–
Bargain purchase gain for acquisition of jointly controlled entities							**27,441**	–
Share of results of associates							**5,343**	10,086
Finance costs							**(7,667)**	(5,277)
(Loss) profit before tax							**(542,742)**	349,156

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of certain other operating income, central administrative expenses, Directors' emoluments, re-measurement of interest in an associate to fair value on business combination, fair value change of contingent consideration, finance costs, bargain purchase gain for acquisition of jointly controlled entities and share of results of associates. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2013	2012
	HK$'000	*HK$'000*
Provision of piped Gas Fuel	**1,388,220**	1,207,696
Transportation, distribution and bottled retail of LPG	**281,106**	124,871
Lottery agency	**28,512**	827,236
Total segment assets	**1,697,838**	2,159,803
Unallocated	**570,863**	571,170
Consolidated assets	**2,268,701**	2,730,973

Segment liabilities

	2013	2012
	HK$'000	*HK$'000*
Provision of piped Gas Fuel	**316,089**	286,953
Transportation, distribution and bottled retail of LPG	**49,369**	26,225
Lottery agency	**1,586**	606
Total segment liabilities	**367,044**	313,784
Unallocated	**472,135**	586,916
Consolidated liabilities	**839,179**	900,700

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

– all assets are allocated to operating segments other than investment properties, interests in associates, available-for-sale ("AFS") financial assets, held-to-maturity investments, amount due from an associate, compensation receivable, amount due from a jointly controlled entity, bank balances and cash and pledged bank deposit and assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments; and

– all liabilities are allocated to operating segments other than tax liabilities, amount due to a joint venturer, amount due to an associate, amount due to a director, bank borrowings, deferred tax liabilities and liabilities for which reportable segments are jointly liable are allocated on the basis of the revenue earned by individual reportable segments.

Other segment information

For the year ended 31 March	Provision of piped Gas Fuel		Transportation, distribution and bottled retail of LPG		Lottery agency		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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 or loss or segment assets										
Depreciation of property, plant and equipment	**29,943**	23,689	**5,477**	3,941	**1,816**	818	**3,295**	4,888	**40,531**	33,336
Loss (gain) on disposal of property, plant and equipment	**469**	(326)	**321**	1	**–**	–	**–**	(97)	**790**	(422)
Amortisation of prepaid lease payments	**1,117**	631	**324**	195	**51**	–	**–**	–	**1,492**	826
Amortisation of intangible assets	**4,565**	4,537	**9**	–	**39,278**	16,350	**–**	–	**43,852**	20,887
Impairment loss recognised in respect of trade and other receivables	**3,303**	6,250	**–**	–	**–**	–	**–**	–	**3,303**	6,250
Reversal of impairment loss recognised in respect of trade and other receivables	**(781)**	(399)	**–**	–	**–**	–	**–**	–	**(781)**	(399)
Impairment loss recognised in respect of inventories	**240**	551	**–**	–	**–**	–	**–**	–	**240**	551
Impairment loss recognised in respect of goodwill	**–**	–	**–**	–	**41,301**	–	**–**	–	**41,301**	–
Impairment loss recognised in respect of intangible assets	**10,718**	–	**–**	–	**729,820**	–	**–**	–	**740,538**	–
Impairment loss recognised in respect of property, plant and equipment	**–**	–	**–**	–	**5,243**	–	**–**	–	**5,243**	–
Capital expenditure in respect of prepaid lease payments	**11,618**	22,188	**–**	–	**6,180**	–	**–**	–	**17,798**	22,188
Capital expenditure in respect of property, plant and equipment	**170,438**	134,243	**4,277**	10,808	**3,649**	3,685	**51**	380	**178,415**	149,116
Deposits paid for acquisition of property, plant and equipment and prepaid lease payments	**18,948**	18,676	**23,807**	6,236	**–**	–	**–**	–	**42,755**	24,912
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets										
Interests in associates	**–**	–	**–**	–	**–**	–	**41,317**	38,811	**41,317**	38,811
Share of results of associates	**–**	–	**–**	–	**–**	–	**(5,343)**	(10,086)	**(5,343)**	(10,086)
Gain on fair value changes of investment properties	**–**	–	**–**	–	**–**	–	**(1,737)**	(2,036)	**(1,737)**	(2,036)
Bargain purchase gain for acquisition of jointly controlled entities	**–**	–	**–**	–	**–**	–	**(27,441)**	–	**(27,441)**	–
Re-measurement of interest in an associate to fair value on business combination	**–**	–	**–**	–	**–**	–	**–**	(235,663)	**–**	(235,663)
Fair value change of contingent consideration	**–**	–	**–**	–	**–**	–	**(74,154)**	–	**(74,154)**	–
Bank interest income	**(1,741)**	(1,328)	**(1,464)**	(1,440)	**(77)**	(208)	**(636)**	(628)	**(3,918)**	(3,604)
Finance costs	**5,370**	4,068	**295**	421	**2,002**	788	**–**	–	**7,667**	5,277
Income tax (credit) expenses	**33,305**	41,422	**7,979**	6,373	**(182,455)**	(4,067)	**–**	–	**(141,171)**	43,728

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 2013 and 2012.

5. OTHER OPERATING INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**3,918**	3,604
Other loan interest income	**–**	428
Interest income from held-to-maturity investments	**851**	1,823
Gain on fair value changes of investment properties	**1,737**	2,036
Exchange gain, net	**288**	2,151
Dividend income	**7**	198
Distribution from AFS investments	**13,887**	–
Repair and maintenance income	**2,874**	1,143
Rental income from investment properties, net of outgoings *(Note a)*	**502**	238
Other rental income, net of outgoings *(Note b)*	**1,570**	1,730
Sales of gas appliance:		
– Income	**8,404**	3,228
– Cost of sales	**(7,818)**	(2,645)
	586	583
Storage management fee income	**2,530**	2,720
Government grant income *(Note c)*	**1,189**	–
Reversal of impairment loss recognised in respect of trade and other receivables	**781**	399
Others	**311**	2,711
	31,031	19,764

Notes:

(a) The amount represents net rental income generated from investment properties after deducting direct operating expenses of approximately HK$22,000 (2012: HK$26,000).

(b) The amount represents net rental income generated from certain transportation vehicles after deducting direct operating expenses of approximately HK$3,666,000 (2012: HK$3,361,000).

(c) The amount represents one-off unconditional government grants for the Group's clearance of gas station in prior years.

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Imputed interest for amount due to a director wholly repayable after five years	**2,002**	788
Interest on bank loans wholly repayable within five years	**5,665**	4,489
Interest on bank loans wholly repayable after five years	**12,398**	12,739
	20,065	18,016
Less: amount capitalised in construction in progress *(Note)*	**(12,398)**	(12,739)
	7,667	5,277

Note: The borrowing costs have been capitalised at a rate of 5.31% to 6.03% per annum (2012: 5.31% to 5.76% per annum).

7. INCOME TAX (CREDIT) EXPENSES

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**59,191**	46,084
– (Over) under provision in prior years	**(4,229)**	2,163
Deferred tax liabilities:		
– Current year	**(196,133)**	(4,519)
	(141,171)	43,728

No provision for Hong Kong Profits Tax has been made since the Group's income neither arises in nor is derived from Hong Kong for the years ended 31 March 2013 and 2012.

Pursuant to the laws and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

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. (LOSS) PROFIT FOR THE YEAR

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

	2013	2012
	HK$'000	*HK$'000*
Staff costs, including Directors' and senior management's and Chief Executives' emoluments		
– Salaries, wages, allowances and benefits in kind	**116,099**	84,791
– Retirement benefits scheme contributions	**11,948**	8,077
	128,047	92,868
Cost of inventories recognised as expenses	**1,088,217**	776,161
Auditor's remuneration	**2,180**	2,090
Depreciation of property, plant and equipment	**40,531**	33,336
Impairment loss recognised in respect of inventories (included in cost of sales)	**240**	551
Amortisation of prepaid lease payments	**1,492**	826
Amortisation of intangible assets	**43,852**	20,887
Share of tax of associates (included in share of results of associates)	**1,840**	(5,543)

9. (LOSS) EARNINGS PER SHARE

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

The calculations of basic and diluted (loss) earnings per share are based on the following data:

	2013	2012
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company	**(421,502)**	296,815

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted (loss) earnings per share calculation	**5,809,954,136**	5,082,958,951

For the year ended 31 March 2013, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as their exercise would result in a decrease in loss per share.

For the year ended 31 March 2012, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price of the Company's share.

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade and bill receivables	**118,860**	73,184
Less: Impairment loss recognised in respect of trade receivables	**(13,860)**	(11,401)
	105,000	61,783
Other receivables	**259,925**	129,940
Less: Impairment loss recognised in respect of other receivables	**(23,662)**	(23,458)
	236,263	106,482
	341,263	168,265

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, presented based on the invoice date which approximated the respective revenue recognition dates is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 90 days	**64,267**	41,862
91 days to 180 days	**10,858**	8,559
Over 180 days	**29,875**	11,362
	105,000	61,783

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

	2013	2012
	HK$'000	*HK$'000*
Prepayments	**19,510**	16,967
Deposits paid/payment in advance to suppliers	**108,415**	71,970
Amount due from Yongheng Development Corporation Limited ("Yongheng Development")	**108**	108
Compensation receivable *(Note)*	**74,154**	–
Loan receivable	**7,415**	–
Other tax receivables	**9,478**	7,977
Others	**17,183**	9,460
	236,263	106,482

Other than mentioned in the note below, the Group does not hold any collateral over these balances.

Note:

Pursuant to the agreement, Yongheng Development has given a profit guarantee to the Company that the net profits after tax of Grand Destiny Group Limited ("Grand Destiny") as shown in the audited consolidated financial statement of Grand Destiny for the period from the date of completion of 1 September 2011 to 31 March 2013 shall be not less than RMB60,000,000 (equivalent to approximately HK$74,154,000) (the "Profit Guarantee") and will compensate the Company for any shortfall between the Profit Guarantee and the actual profits after tax as shown in the audited consolidated financial statements of Grand Destiny. The amount represents compensation receivable from Yongheng Development for the shortfall of Profit Guarantee. The amount is secured by the charge of 297,654,321 consideration shares of the Company held by Yongheng Development. Such share charge shall be released upon the fulfilment of the Profit Guarantee.

On 8 April 2013, the Company and Yongheng Development entered into a settlement deed (as supplemented by a supplemental settlement deed on 16 May 2013) which waived the Profit Guarantee obligation of Yongheng Development and released the share charge. Upon the time when such waiver becoming effective, the amount will be derecognised.

11. 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 at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Trade payables, falling due in:		
Current to 90 days	**37,250**	40,760
91 to 180 days	**11,583**	11,182
Over 180 days	**36,865**	27,288
Trade payables	**85,698**	79,230
Deposits received from customers *(Note)*	**165,670**	150,064
Customer Gas Fuel deposits and other deposit received	**39,822**	24,895
Gas Fuel income received in advance	**36,151**	24,695
Commission income from lottery sales received in advance	**185**	114
Other payables for the purchase of property, plant and equipment and intangible assets and prepaid lease payments	**–**	1,700
Accrued charges and other payables	**42,425**	35,952
	369,951	316,650

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

Note:

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.

12. COMMITMENTS

	2013	2012
	HK$'000	HK$'000
Contracted for but not provided in the consolidated financial statements		
Capital expenditure in respect of:		
Investment in an associate	**140,893**	140,095
Property, plant and equipment	**94,622**	18,671
	235,515	158,766

13. PLEDGE OF ASSETS

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

	2013	2012
	HK$'000	HK$'000
Property, plant and equipment	**8,741**	2,410
Intangible assets – exclusive rights of operations of piped Gas Fuel	**2,139**	2,238
Bank deposits	**6,311**	5,390
Prepaid lease payments in respect of land use rights	**10,144**	10,336
	27,335	20,374

14. EVENTS AFTER THE END OF REPORTING PERIOD

(a) Equity transfer agreement

On 3 April 2013, Beijing Civigas Co., Ltd. ("Beijing Civigas"), a wholly-owned subsidiary of the Company and Xi'an Yanliang District Government ("Yanliang Government", the minority shareholder of Xi'an Zhongmin Gas Co., Limited ("Xi'an Zhongmin"), a 70.00% owned subsidiary of the Group), entered into an equity transfer agreement pursuant to which Yanliang Government agreed to transfer its 9.15% equity interests in Xi'an Zhongmin to Beijing Civigas at the consideration of approximately RMB9,103,000 (equivalent to approximately HK$11,250,000). The consideration will be settled by the transfer of not more than 29.00% equity interests in Fu Ping Zhongmin Gas Co., Ltd., an indirect non wholly-owned subsidiary of the Company, to Yanliang Government.

On the same day, Shaanxi Provincial Natural Gas Co., Ltd. ("Shaanxi Gas"), an independent third party to the Group, and Yanliang Government also entered into an equity transfer agreement pursuant to which Yanliang Government agreed to transfer its 6.88% equity interests in Xi'an Zhongmin to Shaanxi Gas. Beijing Civigas; Yanliang Government and Shaanxi Gas then entered into the capital injection agreement pursuant to which Shaanxi Gas subscribed the registered capital of RMB22,080,000 (equivalent to approximately HK$27,289,000) by injecting the assets capital of approximately RMB54,902,000 (equivalent to approximately HK$67,853,000) into Xi'an Zhongmin, increasing its equity interests in Xi'an Zhongmin from 6.88% to 40.00%. Beijing Civigas and Yanliang Government maintain registered capital and equity interests in Xi'an Zhongmin decrease from 79.15% to 51.00% and 13.97% to 9.00%, respectively. After completion of the capital injection transaction, the total registered capital of Xi'an Zhongmin increased from RMB40,000,000 (equivalent to approximately HK$49,436,000) to RMB62,080,000 (equivalent to approximately HK$76,725,000) and will remain as a subsidiary of the Group.

(b) Settlement deed for Profit Guarantee

On 8 April 2013, the Company and Yongheng Development entered into the settlement deed (as supplemented by the supplemental settlement deed on 16 May 2013) pursuant to which, among others, (i) the security created by the share charge shall be discharged and released in the manner provided in the release; and (ii) the Company shall waive the compliance by the Yongheng Development of its obligations under the agreement dated 13 June 2011 respect of the acquisition of the sale share in relation to the Profit Guarantee in the manner provided in the release; (iii) Yongheng Development and the Company shall appoint the escrow agent to hold and deal with the Consideration Shares of 1,727,729,582 of the Company's shares in accordance with the terms of the escrow letter; and (iv) the consideration shares shall be held and dealt with by the escrow agent in accordance with the terms of the settlement deed. Further details of the settlement deed are set out in the Company's circular dated 8 July 2013. The settlement deed was approved by the members in special general meeting date 24 July 2013.

(c) Warrants subscription agreement

On 8 April 2013, the Company and Ping Da Development Limited (the "Subscriber"), a company wholly-owned by Dr. Mo Shikang, an executive director of the Company, entered into a warrants subscription agreement pursuant to which the Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 1,135,000,000 warrants conferring the rights to subscribe for an aggregate of 1,135,000,000 subscription shares at the initial subscription price of HK$0.205 per subscription share (subject to adjustment). The warrants issue price is HK$0.01 per warrant and the gross proceeds from the warrants subscription of HK$11,350,000 will be payable by the Subscriber in cash upon warrants completion. Further details of the warrants subscription agreement are set out in the Company's circular dated 8 July 2013. The warrants subscription agreement was approved by the members in special general meeting date 24 July 2013.

(d) Other matters

On 25 April 2013, Fujian An Ran Gas Investment Co., Ltd., a jointly controlled entity of the Group, established 南靖縣安然清潔能源有限公司 (Nanjing County An Ran Clean Energy Co., Ltd.*) in Nanjing County, Fujian Province. The registered capital is RMB5,000,000 (equivalent to approximately HK$6,180,000). It is principally engaged in the research and development of clean energy.

On 4 May 2013, Mian Zhu Zhongmin Gas Co., Ltd, a wholly-owned subsidiary of the Group, established and registered 四川中民燃氣有限公司 (Sichuan Zhongmin Gas Co., Ltd.*) in Chengdu, Sichuan Province. Its registered capital is RMB2,000,000 (equivalent to approximately HK$2,472,000). It is principally engaged in LPG business.

On 9 May 2013, Yunnan Zhongmin Gas Co., Ltd., a wholly-owned subsidiary of the Group, established and registered 雲南昆侖中民燃氣有限公司 (Yunnan Kunlun Zhongmin Gas Co., Ltd.*) in Kunming, Yunnan Province. Its registered capital is RMB10,000,000 (equivalent to approximately HK$12,359,000). It is principally engaged in LPG business.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS AND REVIEW

Items	For the year ended 31 March		
	2013	2012	**Change**
	HK$'000	*HK$'000*	***HK$'000***
Turnover:			
Provision of piped Gas Fuel	**927,385**	787,951	**139,434**
Transportation, distribution and bottled retail of LPG	**589,351**	330,619	**258,732**
Lottery agency	**2,153**	432	**1,721**
Total	**1,518,889**	1,119,002	**399,887**
Segment results:			
Provision of piped Gas Fuel	**172,513**	134,095	**38,418**
Transportation, distribution and bottled retail of LPG	**28,458**	12,732	**15,726**
Lottery agency	**(844,686)**	(29,518)	**(815,168)**
Total	**(643,715)**	117,309	**(761,024)**
Re-measurement of interest in an associate to fair value on business combination	**–**	235,663	**(235,663)**
Fair value change of contingent consideration	**74,154**	–	**74,154**
Bargain purchase gain for acquisition of jointly controlled entities	**27,441**	–	**27,441**
Other income and expenses (net)	**(622)**	(3,816)	**3,194**
(Loss) profit before tax	**(542,742)**	349,156	**(891,898)**
(Loss) profit attributable to owners of the Company	**(421,502)**	296,815	**(718,317)**
(Loss) earnings per share Basic and diluted (HK cents per share)	**(7.25)**	5.84	**(13.09)**

Items	For the year ended 31 March		
	2013	2012	**Change**
	HK$'000	*HK$'000*	***HK$'000***
(Loss) profit before tax	**(542,742)**	349,156	**(891,898)**
Adjustments for:			
Re-measurement of interest in an associate to fair value on business combination	**–**	(235,663)	**235,663**
Fair value change of contingent consideration	**(74,154)**	–	**(74,154)**
Impairment loss recognised in respect of intangible assets	**740,538**	–	**740,538**
Impairment loss recognised in respect of goodwill	**41,301**	–	**41,301**
Impairment loss recognised in respect of property, plant and equipment	**5,243**	–	**5,243**
Bargain purchase gain for acquisition of jointly controlled entities	**(27,441)**	–	**(27,441)**
Profit before tax excluded one-off non-cash items	**142,745**	113,493	**29,252**

The results at the Group recorded a steady growth for the year 2012-2013 and contributed a turnover of approximately HK$1,518,889,000 for the year, representing an increase of approximately HK$399,887,000 as compared to the corresponding period of last year. Such increase is mainly due to the increase in sales volume of piped Gas Fuel and LPG.

During the year ended 31 March 2013, the Group's business realised a gross profit of approximately HK$378,704,000 (2012: HK$293,244,000), representing an increase of 29.14% as compared with the corresponding period of last year. The overall gross profit margin was 24.93% (2012: 26.21%).

Loss in the segment of lottery agency for the year ended 31 March 2013 is mainly due to impairment loss recognised in respect of intangible assets (exclusive rights of operation of lottery sales), goodwill and property, plant and equipment in the aggregate of approximately HK$776,364,000 and the amortisation charge from intangible assets of approximately HK$39,278,000 (2012: approximately HK$16,350,000).

Pursuant to the agreement, Yongheng Development has given a profit guarantee to the Company. The fair value change of contingent consideration represents compensation receivable from Yongheng Development for the shortfall of the Profit Guarantee. The amount is secured by the charge of 297,654,321 consideration shares of the Company held by Yongheng Development. Such share charge shall be released upon the fulfilment of the Profit Guarantee. On 8 April 2013, the Company and Yongheng Development entered into a settlement deed (as supplemented by a supplemental settlement deed on 16 May 2013) which waived the Profit Guarantee obligation of Yongheng Development and released the share charge. Upon the time when such waiver becoming effective, the amount will be derecognised.

Loss before tax for the year amounted to approximately HK$542,742,000 while the profit before tax for 2012 amounted to approximately HK$349,156,000. Such loss was mainly attributable to (i) the segment loss in lottery agency as stated above as a result of the longer than expected time required for the development of lottery agency business in the PRC; and (ii) no other income such as re-measurement of interest in an associate to fair value on business combination is recognised in this reporting period.

Excluding impairments and other one-off non-cash items, profit before tax increase 25.77% to approximately HK$142,745,000 (2012: approximately HK$113,493,000).

BUSINESS REVIEW

Provision of piped Gas Fuel business

Being the major business of the Group, the provision of piped Gas Fuel is our major income source. During the reporting period, through the development, 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 & commercial customers. The Group also strengthened the safety management on piped Gas Fuel supply and further optimised the process of gas construction management in order to enhance overall construction efficiency. During this financial year, the Group achieved a rapid development progress in expanding its customer base and increasing its coverage of piped Gas Fuel.

During the year ended 31 March 2013, the Group achieved piped Gas Fuel sales exceeding 300.00 million cubic meters (“m^3”) in total to 301.69 million m^3, representing a growth of 13.46% over the corresponding period of last year. Among the total sales, 58.96 million m^3 were made to the household customers, which represented a growth of 16.25% over the corresponding period of last year, and 242.73 million m^3 were made to the industrial & commercial customers, which represented a growth of 12.80% over the corresponding period of last year.

During the year ended 31 March 2013, the Group had an addition 98,266 units of household customers and 756 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 563,476 units and commercial & industrial customers of 4,067 units, representing an increase of 21.12% and 22.83% respectively as compared to the corresponding period of last year.

During the year ended 31 March 2013, the Group recorded an income of approximately HK$927,385,000 from the provision of piped Gas Fuel, representing a growth of 17.70% as compared with the corresponding period of last year, accounting for approximately 61.06% of the Group's annual turnover. Gross profit margin maintained at around 30% to 33%.

Transportation, distribution and bottled retail of liquefied petroleum gas ("LPG") business

The business of transportation, distribution, and bottled retail of LPG (including but not limited to LPG; Butane; Propane; DME and other clean energy) has achieved swift development and become one of the principal businesses of the Group. During the reporting period, the Group further standardised the technical regulations and management standard of LPG companies, proactively promoted the construction of informisation management platform of LPG companies and has been continuously strengthening its partnership with upper stream resource corporations. These actions will undoubtedly boost the development of Group's LPG business and lay out a foundation for the enhancement of the Group's management level and core competitiveness.

During the year ended 31 March 2013, sales of LPG by the Group reached 95,509 tons in total. The Group realised a total income from sales of LPG of approximately HK$589,351,000, representing an increase of 78.26% over the corresponding period of last year. Income from the transportation, distribution and bottled retail of LPG accounted for approximately 38.80% of the Group's annual turnover.

Lottery agency business

Shenzhen Le Cai Technology Development Co., Ltd. ("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 Lotteries (including but not limited to "Shenzhen Feng Cai"（深圳風采）, "Shuang Se Qiu"（雙色球）, "Qi Le Cai"（七樂彩）and "3D" etc.). As at the end of the reporting period, Shenzhen Le Cai was operating 76 lottery betting branches and 3 betting stations in Shenzhen; and was contemplating to continuously expand its distribution points in Shenzhen and explore the new markets in Guizhou Province.

It was the expectation of the management that lottery agency business would be an important revenue source of the Group. However, the Group's lottery agency business is not performed as planned. During the year ended 31 March 2013, the segment result of lottery agency sales business recorded a loss of approximately HK$844,686,000 (2012: approximately HK$29,518,000), which was mainly due to impairment loss recognised in respect of intangible assets (exclusive rights of operation of lottery sales); goodwill and property, plant and equipment in the aggregate of approximately HK$776,364,000 and the amortisation charge from the intangible assets of approximately HK$39,278,000 (2012: approximately HK$16,350,000). Notwithstanding the historical unsatisfactory performance of lottery agency business, the management is optimistic about the future growth potential in the PRC lottery market which is considered to be regulated extensively and the operation of lottery distribution is subject to various PRC laws, rules and regulations. Indeed, Shenzhen Le Cai has successfully entered into, among others, a few material cooperation agreements which are summarised as below:

On 1 August 2011, Shenzhen Le Cai and Shenzhen Welfare Lottery Issuing Centre entered into a framework agreement in relation to the appointment of Shenzhen Le Cai by Shenzhen Welfare Lottery Issuing Centre as (i) one of the authorised agents to distribute welfare lotteries; and (ii) the sole agent to distribute Keno Games Lottery, in Shenzhen for a term of 20 years commencing from 1 August 2011 and ending on 31 July 2031.

On 18 December 2012, Shenzhen Le Cai entered into a supplemental agreement with Shenzhen Welfare Lottery Issuing Centre to amend certain terms of the Keno Games Agreement, with effect from 1 January 2013. The commission rate for Shenzhen Le Cai's distribution of Keno Games Lottery will be increased from 7% to 8% and the maximum number of betting branches for the Keno Games Lottery shall not exceed 15% of the total number of welfare lottery betting branches in Shenzhen. The management believes that the increase in commission rate can improve the result of lottery agency business and it recognises the Group's contributions in the development of welfare lottery market in Shenzhen.

On 10 December 2012, Shenzhen Le Cai and Guizhou Province Welfare Lottery Issuing Centre entered into an agency agreement pursuant to which Shenzhen Le Cai shall set up 200 welfare lottery outlets to distribute computer-based welfare lotteries and paper-based instant lottery "刮刮樂" (Gua Gua Le) in Guizhou Province. Shenzhen Le Cai has now set up a branch and opened part of the outlets in Guiyang City, Guizhou Province and has commenced operations.

In addition to the existing lottery agency business, Shenzhen Le Cai is also proactively exploring new distribution markets and is currently under negotiations with few provincial lottery issuing centres in the PRC for potential cooperation. Further, in early 2013, Shenzhen Le Cai has acquired a parcel of industrial land located in Pingshan New District, Shenzhen to construct an industrial park for the development of prize lottery electronic engineering software, research and development and production of high-end lottery equipment in the PRC. The management believes that the establishment of the industrial park would improve lottery varieties and promote Shenzhen Le Cai becoming one of the famous lottery products, lottery machine terminal and software services developers in the PRC. In view of the above, the management consider that the Group is still in an advantageous position in the PRC lottery market. As such, the management is of the view that it is commercially viable to spend more time and effort on this business segment.

Subsequent to the completion of acquisition, it was the expectation of the management that the lottery business would be an important revenue source of the Group. However, the Group's lottery agency business is not performed as planned. During the year ended 31 March 2013, the segment result of lottery agency business recorded a loss of approximately HK$844,686,000 (2012: approximately HK$29,518,000). Accordingly, the profit guarantee (the "Profit Guarantee") guaranteed by Yongheng Development to the Company would not be achieved (details of the Profit Guarantee are set out in the circular of the Company dated 12 August 2011). In view of the foregoing, as a result of the negotiation between the Company and Yongheng Development, on 8 April 2013, the Company and Yongheng Development entered into the settlement deed (as supplemented by the supplemental settlement deed on 16 May 2013) (details of the settlement deed are set out in the circular of the Company dated 8 July 2013) pursuant to which, among other matters, (i) the security created by the share charge shall be discharged and released in the manner provided in the release; (ii) the Company shall waive the compliance by Yongheng Development of its obligations under the agreement in relation to the Profit Guarantee in the manner provided in the release; (iii) Yongheng Development and the Company shall jointly appoint the escrow agent to hold and deal with the consideration shares (being the 1,727,729,582 Company's shares allotted and issued by the Company to Yongheng Development to satisfy part of the consideration of the acquisition, the ("Consideration Shares"), details of which are set out in the circular of the Company dated 12 August 2011) in accordance with the terms of the escrow letter; (iv) Yongheng Development shall deposit the Consideration Shares and other related title and other documents as provided in the escrow letter with the escrow agent immediately after the signing of the release and the escrow letter; and (v) the Consideration Shares shall be held and dealt with by the escrow agent in accordance with the settlement arrangement as stipulated in the settlement deed.

Entering into the settlement deed, on one hand, involves the discharge and release of share charge and waiving of Yongheng Development's obligations under the Profit Guarantee, and on the other hand, allows the Company to recover all of the Consideration Shares from Yongheng Development. In the event that the performance of lottery business is to continue to be unsatisfactory in the future, the Group will only be able to recover the Profit Guarantee Amount of RMB60,000,000 (equivalent to approximately HK$74,154,000) (the "Profit Guarantee Amount") from Yongheng Development if the Company is to simply enforce the Profit Guarantee now, and Yongheng Development will have no further obligation to the Company. The Directors consider that it is in the interest of the Company for a new mechanism to be adopted so as to allow the Company to recover more than the Profit Guarantee Amount and up to all of the 1,727,729,582 Consideration Shares from Yongheng Development. In order for such new mechanism to be accepted by both the Company and Yongheng Development, the Directors consider that enforcing the Profit Guarantee will, despite the immediate compensation of the Profit Guarantee Amount from Yongheng Development, release and waive the obligation of Yongheng Development under the Profit Guarantee, and the Company will lose the opportunity to secure a new deal with Yongheng Development for the Company to recover anything beyond the Profit Guarantee Amount. Therefore, the Directors consider that releasing Yongheng Development's obligation under the Profit Guarantee and entering into the settlement deed (which allow the Company to recover up to all of the 1,727,729,582 Consideration Shares from Yongheng Development in the event that the performance of lottery business is to continue to be unsatisfactory in the future) is in the interest of the Company. The Directors also consider that it is fair and reasonable to take more time and effort to improve the performance of the lottery business, given its future is still optimistic with the progressive development, its advantageous position in the PRC lottery market and the prospect of the PRC lottery market.

In the event that the performance of the lottery business improves in the future, the settlement deed still allows the Group to recover such number of Consideration Shares from Yongheng Development that could be worth less than, equal to, or more than the Profit Guarantee Amount depending on the actual performance of lottery business in the coming years and the relevant formula as stipulated in the settlement deed. While it appears that the Group could have first enforced the Profit Guarantee and recovered the Profit Guarantee Amount from Yongheng Development and still be able to enjoy the future turnaround of lottery business, the Directors consider that the solid background of Mr. Yang Songsheng ("Mr. Yang") and Mr. Yeung Paak Ching ("Mr. Yeung"), both are executive directors of the Company, in the PRC lottery business is essential for the development of the lottery business, and that if the Group is to enforce the Profit Guarantee now which may in turn release the future obligation and commitment of Mr. Yang and Mr. Yeung, it may increase the uncertainties on the future growth of the lottery agency business. The settlement deed, as a better alternative, allows the Group to increase the recovery value of the Profit Guarantee Amount and / or secure the future enhancement of Shenzhen Le Cai's value to reach a satisfactory level, which is in interest of the Group and the Shareholders as a whole.

NEW PROJECTS DURING THE REPORTING PERIOD

Investment in the Establishment of Datian An Ran

In November 2012, Fujian Province An Ran Gas Investment Co., Ltd., a jointly controlled entity of the Group, established a wholly-owned subsidiary – Datian An Ran Gas Co., Ltd. ("Datian An Ran") in Datian County, Fujian Province with registered capital of RMB10,000,000 (equivalent to approximately HK$12,359,000). The principal business scopes of Datian An Ran are investment, construction and operation of the piped Gas Fuel project in Jingkou Industrial Concentration District.

Investment in the Establishment of Cai Cai Le

In August 2012, the Group established Shenzhen Cai Cai Le Electronic Entertainment Technology Development Limited ("Cai Cai Le") in Shenzhen. Its registered capital is RMB18,000,000 (equivalent to approximately HK$22,246,000). Cai Cai Le will be engaged in the development of intelligent electronic game software technology and equipment.

Establishment of Shenzhen Le Cai Guizhou Branch

In November 2012, Shenzhen Le Cai established a branch in Guiyang City, Guizhou Province. The branch has currently set up 3 outlets in Guiyang. The types of welfare lotteries sold include "Shuang Se Qiu"（雙色球）, "Qi Le Cai"（七樂彩）, "3D", "22 Xuan 5" (22選5), "Kuai 3" (快3) and paper-based instant lottery ("Gua Gua Le")（刮刮樂）.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2013, the total assets of the Group was approximately HK$2,268,701,000 (2012: 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$578,409,000 (2012: HK$443,368,000), HK$260,770,000 (2012: HK$457,332,000), HK$1,319,689,000 (2012: HK$1,748,513,000) and HK$109,833,000 (2012: HK$81,760,000), respectively.

As at 31 March 2013, the Group's cash and cash equivalents amounted to approximately HK$388,537,000 (2012: HK$349,734,000) and the total borrowings was equivalent to approximately HK$353,386,000 (2012: HK$284,555,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to borrowings and equity attributable to owners of the Company, was 21.12% (2012: 14.00%).

Operating cash flow before movements in working capital amounted to approximately HK$212,907,000, representing an increase of 31.73% from last year, which was mainly due to the increase in turnover of piped Gas Fuel and LPG.

Net cash used in investing activities amounted to approximately HK$126,399,000, representing a decrease of 32.42% from last year, which was mainly due to the cash received from the mature of held-to-maturity investments.

Net cash generated from financing activities of approximately HK$44,891,000 representing an increase of 56.39% from last year, which was mainly due to no advancement from/repayment to a joint venturer and repayment to a shareholder of an associate in this reporting period.

BORROWINGS STRUCTURE

As at 31 March 2013, the total borrowings of the Group were approximately HK$353,386,000 (2012: HK$284,555,000), 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$303,864,000 (2012: HK$238,674,000) which were secured by certain assets with a carrying amount of approximately HK$27,335,000 (2012: HK$20,374,000), others were unsecured. Short-term borrowings amounted to approximately HK$137,395,000 (2012: HK$66,920,000), while others were long-term borrowings due after one year.

CAPITAL STRUCTURE

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

EXPOSURE TO FOREIGN EXCHANGE RATE RISK

All of the Group's operations are carried out in the PRC and substantially all of its income and expenses are denominated in RMB. During the year ended 31 March 2013, the exchange rate of RMB had been increasing in a state of ups and downs. The Group will closely monitor the market exchange rates and make appropriate adjustment when necessary.

COMMITMENTS

As at 31 March 2013, the Group's commitments amounted to approximately HK$235,515,000 (2012: HK$158,766,000), mainly attributable to running district gas pipeline construction and for the purpose of investment in Zhonghua Yongbaofu.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 March 2013, the Group had approximately 3,400 employees, most of them were stationed in the PRC. The employees' salary are determined with reference to their duties and responsibilities with the Group, the Group's business performance, profitability and market conditions. In addition to pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

PROSPECTS

Piped Gas Fuel business

With the steady growth of the economy, the demand for resources of the country will increase steadily. The pressure on stepping up environmental protection will drive more districts to use natural gas for the aspects of warming, transportation and industrial fuel instead of using coal. The potential of natural gas demand of the country is substantial and its speed of growth is expected to exceed that of coal and oil.

During the reporting period, certain policies which promote the development of natural gas industry were introduced to expand the scope of use in natural gas and enhance the orderly and healthy development of natural gas industry. For the utilisation of natural gas, natural gas users were divided into prioritised class, permitted class, restricted class and prohibited class. Urban gas users were classified as prioritised class of development, which included gas used by urban (particularly large and medium cities) households, gas used by public service facilities, natural gas vehicles, industrial fuel of terminable users and natural gas diversified energy projects (integrated energy use efficiency is over 70%, including the integrated use with renewable energy). Most of the current consumers of the Group are under this class.

In respect of optimising energy price mechanism, the price mechanism was optimised and natural gas price reform continued to be intensified. One of the means to optimise price formation mechanism was to form a natural gas price formation mechanism which reflects the degree of shortage in resources and changes in demand and supply in the market. This can accelerate the rationalisation of the price relation between natural gas and alternative energy, fully perform the leverage of price in adjusting demand-supply relationship and lay out a foundation for the marketisation of natural gas price. The second means was to consider forming a price linkage mechanism among upstream, midstream and downstream natural gas prices. The third means was to encourage areas with larger seasonal differentiation in natural gas use to consider implementing gas price differentiation policies such as natural gas seasonal price difference and terminable gas price difference. Such policies can guide reasonable consumption of natural gas and enhance the efficiency in natural gas utilisation. Another alternative was to encourage natural gas production enterprises and downstream users to proactively participate in the construction of peak shaving facilities through various ways and support the development of terminable, convertible and adjustable natural gas users. The fourth means was to analyse the feasibility of establishing a national natural gas exchange market and to set a market price for shale gas factory price.

Regarding the supplementary policies for natural gas development, local governments can implement supportive policies for prioritized gas projects in aspects of planning, land use, financing and charges. The autonomy of relevant techniques and equipment for natural gas use was encouraged. The constructions of natural gas injection facilities and equipment for vehicles and vessels were encouraged and supported. Local governments were also encouraged to issue specific supportive policies such as financial, charge and heating price policies. It was also encouraged to develop diversified energy projects for natural gas. In order to drive the high efficiency of natural gas utilisation, the PRC government proactively promoted the development of diversified energy projects for natural gas. The focus was to accelerate the construction of diversified energy system for natural gas in energy load centre, based on the regular supply conditions and users' demand for natural gas, coalbed methane and shale gas. Diversified form of utilisation was preferentially adopted for irregular natural gases, of which the development scale are relatively small or pipe network is not yet available, such as shale gas and coalbed methane. Natural gas and electricity peak shaving demand was coordinated and diversified utilisation of natural gas was reasonably selected so that the optimized complementary use of natural gas and electricity was achieved. The PRC government also strengthened the research and development of natural gas diversified utilisation to promote the autonomy level of technical equipment.

The Group will will proactively seize the opportunities according to market demand under the support and guidance of government policies. 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 future.

LPG business

The national apparent consumption rate of LPG appears a trend of continuous growth. Among this, the national consumption of LPG reached approximately 24.40 million tons in 2012, representing an increase of 1.20% as compared to 2011. The national production was approximately 22.30 million tons, representing an increase of 2.00% as compared to last year. According to the "Twelfth Five-Year" Plan on Urban Gas Development in China issued by the Ministry of Housing and Urban-Rural Construction of the PRC on 27 June 2012, by the end of the "Twelfth Five-Year" Plan period, the total urban gas supply volume will increase from 14.9 million tons over the end of the "Eleventh Five-Year" Plan period to 18.0 million tons. Based on the characteristics of LPG supply and the market development trend, LPG will remain one of the main sources of urban gas during the "Twelfth Five Year" Plan period and its market supply will gradually shift from areas covered by natural gas pipeline network to areas which are not covered by it.

Based on the development features of LPG business and the urbanisation reform policies to be issued by the government, the Group will consider the development scale and market structure of LPG market. The Group will also change the existing operation mode of LPG distribution business and construct a modern mode of supply of LPG. Moreover, we will consolidate and construct LPG supply facilities and implement informatised management means. This will achieve a reasonable allocation of gas resources, reserved resources and network resources, and will establish and improve the system of enterprise reserve and business reserve which can meet the characteristics and demand of urban LPG industry. This will also drive the industry to evolve as an efficient and high value-added modern energy service industry.

With our persistent efforts and eagerness, the Group will extend its reputation among its vast customer base; and expand its market presence by intensively focusing on construction of the retail market, expansion of retailer network 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 2012 rose by RMB39.942 billion or 18.00% to approximately RMB261.524 billion, of which the sales of welfare lottery organisations increased by RMB23.235 billion or 18.20% to approximately RMB151.032 billion. In November 2012, the Ministry of Finance implemented "Measures for the Financial Management of Lottery Organisations", which aims at better regulating the financial behaviours and strengthening the financial management and supervision of lottery organisations, in order to enhance the efficiency of the utilisation of funds. It also serves as a basis for guaranteeing a solid development of lottery business. Seizing the great opportunities arising from the fast-growing lottery market in the PRC, the Group will continue to explore the market share with our best effort and promote our service quality, so as to achieve a better result.

Looking ahead, the Group will continue to maintain the constant development of the piped Gas Fuel business, explore the LPG market with appropriate 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 2013.

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 2013.

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 Code (the "Code") and Corporate Governance Report 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 2013.

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 2012/2013 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 July 2013 pending the release of its annual results announcement for the year ended 31 March 2013. An application has been made by the Company to the Stock Exchange for the resumption of the trading in the shares with effect from 9:00 a.m. on 25 July 2013.

As at the date of this announcement, the Board comprises seven Executive Directors, namely, Mr. Xu Ruixin (Honourable Chairman), Mr. Yang Songsheng (Chairman), Dr. Mo Shikang (Deputy 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 five Independent Non-executive Directors, namely, Dr. Liu Junmin, Mr. Tan Qinglian, Mr. Li Jialin, Prof. Zhao Yanyun 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, 24 July 2013