



CHINESE PEOPLE HOLDINGS COMPANY LIMITED

中民控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 00681)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

RESULTS

The Board of Directors (the “Directors”) of Chinese People Holdings Company Limited (the “Company”) (formerly known as Chinese People Gas Holdings Company Limited) 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 2008 together with the comparative figures for the corresponding year of 2007 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Continuing operations			
Turnover	3	619,676	522,804
Cost of sales		(477,310)	(350,397)
Gross profit		142,366	172,407
Other operating income		9,569	16,167
Administrative expenses		(118,469)	(109,794)
Discount on acquisition of additional interests in subsidiaries		–	9,240
Gain/(loss) on disposal of subsidiaries		2,675	(10,143)
Loss on disposal of an associate		(2,324)	–
Change in fair value of convertible notes		(61,789)	(19,797)
Convertible notes issue expenses		–	(13,122)
Share-based payment expenses		(31,551)	(5,677)
Impairment loss in respect of earthquake	14	(279,922)	–
Impairment loss in respect of goodwill		(8,397)	(91)
Share of results of associates		(10,369)	25,299
Change in fair value of financial assets at fair value through profit or loss		71,998	–
Finance costs	5	(14,448)	(16,740)

* for identification purpose only

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 March 2008

		2008	2007
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
(Loss)/profit before taxation	6	(300,661)	47,749
Taxation	7	(8,739)	(15,208)
(Loss)/profit for the year from continuing operations		(309,400)	32,541
Discontinued operation			
Profit for the year from discontinued operation		–	923
(Loss)/profit for the year		(309,400)	33,464
Attributable to:			
Equity holders of the Company		(309,456)	22,123
Minority interests		56	11,341
		(309,400)	33,464
Dividend	8	–	–
(Loss)/earnings per share			
From continuing and discontinued operations			
Basic (cents per share)		(7.87)	0.69
Diluted (cents per share)		n/a	0.69
From continuing operations			
Basic (cents per share)		(7.87)	0.67
Diluted (cents per share)		n/a	0.67
From discontinued operation			
Basic (cents per share)		n/a	0.02
Diluted (cents per share)		n/a	0.02

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment		541,777	615,764
Investment properties		8,370	7,237
Prepaid lease payments		29,591	27,470
Goodwill		167,192	225,050
Intangible assets		142,582	122,570
Interests in associates		53,711	84,138
Available-for-sale investments		6,627	11,601
Deposit paid on acquisition of additional interest in a subsidiary		2,223	–
		952,073	1,093,830
Current assets			
Inventories		23,560	23,562
Trade and other receivables	<i>10</i>	116,845	118,696
Amounts due from associates		–	16,150
Prepaid lease payments		616	594
Financial assets at fair value through profit or loss		102,042	–
Bank balances and cash		170,318	184,031
		413,381	343,033
Current liabilities			
Trade and other payables	<i>11</i>	166,217	149,550
Taxation payable		55,345	39,542
Amounts due to associates		20,697	–
Bank borrowings – due within one year		147,629	106,238
Convertible notes		–	62,658
		389,888	357,988
Net current assets/(liabilities)		23,493	(14,955)
Total assets less current liabilities		975,566	1,078,875

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 March 2008

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Capital and reserves		
Share capital	285,763	253,406
Reserves	365,133	250,115
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Equity attributable to equity holders of the Company	650,896	503,521
Minority interests	66,089	66,033
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Total equity	716,985	569,554
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Non-current liabilities		
Bank borrowings – due after one year	78,712	126,162
Convertible notes	157,878	348,316
Other payables – due after one year	–	7,066
Deferred tax liabilities	21,991	27,777
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	258,581	509,321
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	975,566	1,078,875
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share capital	Share premium	Capital reserve	Contributed surplus	Surplus reserve fund	Capital contribution	Share-based compensation reserve	Exchange reserve	Accumulated losses	Attributable to equity holders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	201,989	164,699	2,182	89,800	2,629	7,482	7,056	3,113	(206,475)	272,475	4,713	277,188
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	20,567	-	20,567	-	20,567
Profit for the year	-	-	-	-	-	-	-	-	22,123	22,123	11,341	33,464
Total recognised income for the year	-	-	-	-	-	-	-	20,567	22,123	42,690	11,341	54,031
Issue of shares upon exercise of share options	28,798	23,091	-	-	-	-	(1,821)	-	-	50,068	-	50,068
Issue of shares on conversion of convertible notes	8,619	43,992	-	-	-	-	-	-	-	52,611	-	52,611
Issue of shares for acquisition of subsidiaries	14,000	66,000	-	-	-	-	-	-	-	80,000	-	80,000
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	72,771	72,771
Capital contribution by minority shareholders	-	-	-	-	-	-	-	-	-	-	12,036	12,036
Acquisition of additional interests in subsidiaries	-	-	-	-	(947)	-	-	-	947	-	(34,828)	(34,828)
Appropriations	-	-	-	-	2,801	-	-	-	(2,801)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	5,677	-	-	5,677	-	5,677
At 31 March 2007 and 1 April 2007	253,406	297,782	2,182	89,800	4,483	7,482	10,912	23,680	(186,206)	503,521	66,033	569,554
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	81,842	-	81,842	-	81,842
Loss for the year	-	-	-	-	-	-	-	-	(309,456)	(309,456)	56	(309,400)
Total recognised income and expense for the year	-	-	-	-	-	-	-	81,842	(309,456)	(227,614)	56	(227,558)
Issue of shares upon exercise of share options	5,404	29,812	-	-	-	-	(6,663)	-	-	28,553	-	28,553
Issue of shares on conversion of convertible notes	26,953	287,932	-	-	-	-	-	-	-	314,885	-	314,885
Appropriations	-	-	-	-	4,610	-	-	-	(4,610)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	31,551	-	-	31,551	-	31,551
Share options forfeited	-	-	-	-	-	-	(1,425)	-	1,425	-	-	-
At 31 March 2008	285,763	615,526	2,182	89,800	9,093	7,482	34,375	105,522	(498,847)	650,896	66,089	716,985

Notes:

1. GENERAL

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Change of Company’s Name

In order to reflect its current and further development of business scope and base of operations of the Company, the general meeting of the Company approved the change of the Company’s name from “Chinese People Gas Holdings Company Limited” to “Chinese People Holdings Company Limited” and the adoption of “中民控股有限公司” as the Chinese name of the Company on 27 September 2007. The new name and the new Chinese name of the Company, for identification purpose only, are effective commencing from 12 October 2007 and 15 November 2007 respectively.

2.1 IMPACT OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007.

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Interpretation (“Int”) 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, amendment and interpretations that have been issued but are not yet effective, in these consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 1 & HKAS 32 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 12	Service Concession Arrangements ⁴
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 2008.

⁴ Effective for annual periods beginning on or after 1 January 2008.

The Directors anticipate that the application of these new and revised standards or interpretations will 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 and represents amounts receivable for goods and services in the normal course of business, net of discounts and sales related taxes. An analysis of the Group's turnover, for both continuing and discontinued operations, is as follows:

	2008	2007
	HK\$'000	HK\$'000
Continuing operations		
Provision of piped Gas Fuel	425,846	489,115
Transportation and distribution of LPG and retail of bottled LPG	193,830	33,689
	619,676	522,804
Discontinued operation		
Glass products	–	9,613
	619,676	532,417

4 SEGMENT INFORMATION

Segment information is required by HKAS 14 “Segment Reporting” to be presented by way of two segment formats: (i) on a primary segment reporting basis, which the Group has determined to be by business segment; and (ii) on a secondary segment reporting basis, which the Group has determined to be by geographical segment.

For management purposes the Group is currently organised into two operating divisions:

Provision of piped Gas Fuel	–	construction of gas pipeline networks, provision of piped natural gas and LPG
Transportation and distribution of LPG 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

The Group had glass products segment which was discontinued during year ended 31 March 2007.

In determining the Group’s geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group’s major operations and markets are located in the PRC, no further geographical segment information is provided.

4 SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's revenue and contribution by business segment during the year is as follows:

For the year ended 31 March

	Continuing operations						Discontinued operation			
	Provision of piped Gas Fuel		Transportation and distribution of LPG and retail of bottled LPG		Total		Glass Products		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>425,846</u>	<u>489,115</u>	<u>193,830</u>	<u>33,689</u>	<u>619,676</u>	<u>522,804</u>	-	<u>9,613</u>	<u>619,676</u>	<u>532,417</u>
Segment results	<u>58,640</u>	<u>97,784</u>	<u>9,626</u>	<u>(744)</u>	<u>68,266</u>	<u>97,040</u>	-	<u>1,663</u>	<u>68,266</u>	<u>98,703</u>
Unallocated other operating income									4,956	8,601
Change in fair value of convertible notes									(61,789)	(19,797)
Convertible notes issue expenses									-	(13,122)
Change in fair value of financial assets at fair value through profit or loss									71,998	-
Gain/(loss) on disposal of subsidiaries	2,675	-	-	-	2,675	-	-	(9,900)	2,675	(9,900)
Unallocated amount									-	(243)
									2,675	(10,143)
Loss on disposal of an associate									(2,324)	-
Discount on acquisition of additional interests in subsidiaries									-	9,240
Impairment loss in respect of earthquake (Note 14)	(240,939)	-	-	-	(240,939)	-	-	-	(240,939)	-
Unallocated amount									(38,983)	-
									(279,922)	-
Impairment loss in respect of goodwill									(8,397)	(91)
Unallocated corporate expenses									(71,307)	(32,538)
Finance costs									(14,448)	(16,771)
Share of results of associates	(2,130)	26,930	-	-	(2,130)	26,930	-	-	(2,130)	26,930
Unallocated amount									(8,239)	(1,631)
									(10,369)	25,299
(Loss)/profit before taxation									(300,661)	49,381
Taxation									(8,739)	(15,917)
(Loss)/profit for the year									<u>(309,400)</u>	<u>33,464</u>

4 SEGMENT INFORMATION (CONTINUED)

As at 31 March

	Continuing operations						Discontinued operation			
	Provision of piped Gas Fuel		Transportation and distribution of LPG and retail of bottled LPG		Total		Glass Products		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	756,593	919,228	137,755	101,496	894,348	1,020,724	-	-	894,348	1,020,724
Interests in associates	51,501	36,238	-	-	51,501	36,238	-	-	51,501	36,238
Unallocated amount									2,210	47,900
									53,711	84,138
Amounts due from associates									-	16,150
Goodwill	159,341	217,920	7,851	7,130	167,192	225,050	-	-	167,192	225,050
Unallocated assets									250,203	90,801
Total assets									<u>1,365,454</u>	<u>1,436,863</u>
Segment liabilities	116,993	100,242	17,387	18,878	134,380	119,120	-	-	134,380	119,120
Amounts due to associates	20,697	-	-	-	20,697	-	-	-	20,697	-
Convertible notes									157,878	410,974
Unallocated liabilities									335,514	337,215
Total liabilities									<u>648,469</u>	<u>867,309</u>
For the year ended 31 March										
Other information										
Depreciation	17,198	15,214	2,196	514	19,394	15,728	-	447	19,394	16,175
Unallocated amount									1,863	1,082
									21,257	17,257
Loss on disposal of property, plant and equipment	505	13,712	-	-	505	13,712	-	-	505	13,712
Unallocated amount									118	46
									623	13,758
Amortisation of intangible assets	4,401	3,605	-	-	4,401	3,605	-	-	4,401	3,605
Impairment loss in respect of earthquake (Note 14)	240,939	-	-	-	240,939	-	-	-	240,939	-
Unallocated amount									47,380	91
									288,319	91
Revaluation gain on investment properties	(377)	(455)	-	-	(377)	(455)	-	-	(377)	(455)
Capital expenditure										
Property, plant and equipment, through acquisition of subsidiaries	-	344,996	-	-	-	344,996	-	-	-	344,996
Unallocated amount									-	3,668
									-	348,664
Property, plant and equipment by the group itself	128,331	80,629	34,625	32,713	162,956	113,342	-	3,559	162,956	116,901
Unallocated amount									1,310	19,615
									<u>164,266</u>	<u>136,516</u>
									<u>164,266</u>	<u>485,180</u>

5 FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on convertible notes	4,289	6,277
Interest on bank loans and overdrafts wholly repayable within five years	18,238	18,275
	<u>22,527</u>	<u>24,552</u>
<i>Less: amount capitalised in construction in progress (note)</i>	(8,079)	(7,781)
	<u>14,448</u>	<u>16,771</u>
Attributable to:		
Continuing operations	14,448	16,740
Discontinued operation	–	31
	<u>14,448</u>	<u>16,771</u>

Note: The borrowing costs have been capitalised at a rate of 7.48% – 9.69% per annum. (2007: 9.1% to 10.93%).

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived after charging the following:

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs, including directors' and supervisors' emoluments						
– Salaries, wages, allowances and benefits in kind	42,068	33,803	–	153	42,068	33,956
– Retirement benefits scheme contributions	2,221	1,730	–	19	2,221	1,749
– Share-based payment expense	19,657	5,677	–	–	19,657	5,677
	63,946	41,210	–	172	63,946	41,382
Cost of inventories sold	477,310	350,397	–	8,531	477,310	358,928
Auditor's remuneration						
– current year provision	2,800	3,500	–	–	2,800	3,500
– underprovision in prior years	–	293	–	–	–	293
Depreciation of property, plant and equipment	21,257	16,810	–	447	21,257	17,257
Amortisation of prepaid lease payments	671	485	–	13	671	498
Amortisation of intangible assets	4,401	3,605	–	–	4,401	3,605
Loss on disposal of property, plant and equipment	623	13,758	–	–	623	13,758
Loss on disposal of prepaid lease payments	–	303	–	–	–	303
Loss on disposal of available-for-sale investments	–	79	–	–	–	79
Impairment loss on trade and other receivables	759	1,120	–	–	759	1,120
Trade and other receivables written off	5,189	1,445	–	–	5,189	1,445
Share of tax of associates (included in share of results of associates)	3,024	13,704	–	–	3,024	13,704

7 TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits tax	5,042	–
PRC Enterprise Income Tax	11,837	20,180
Overprovision for prior years	(37)	(4,263)
Deferred tax:		
Credit for the year	(8,103)	–
	8,739	15,917
Attributable to:		
Continuing operations	8,739	15,208
Discontinued operation	–	709
	8,739	15,917

Hong Kong Profits tax is calculated at 17.5% (2007: nil) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, the statutory PRC Enterprise Income Tax rate of 25% (2007: 33%) is applied to the Group entities except for entities that are entitled to different concessionary tax rates.

8 DIVIDEND

No dividend had been paid or declared by the Company during the year (2007: nil).

9 (LOSS)/EARNINGS PER SHARE

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

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/profit for the year attributable to equity holders of the Company	(309,456)	22,123
Profit for the year from discontinued operation attributable to equity holders of the Company	–	(712)
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(Loss)/profit used in the calculation of basic (loss)/earnings per share from continuing operations	<u>(309,456)</u>	<u>21,411</u>
	Number of shares	
	2008	2007
Share		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	3,934,388,455	3,190,879,300
Effect of dilution – weighted average of number of potential ordinary shares:		
– share options	<u>46,920,793</u>	<u>18,331,867</u>
Weighted average number of ordinary shares in issue during the year used in the diluted (loss)/earnings per share calculation	<u>3,981,309,248</u>	<u>3,209,211,167</u>

The computation of diluted (loss)/earnings per share for the years ended 31 March 2008 and 2007 does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in a decrease in loss per share and an increase in earnings per share from continuing operations.

Diluted loss per share for year ended 31 March 2008 has not be presented as the effect of any dilution is anti-dilutive.

10 TRADE AND OTHER RECEIVABLES

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. An aged analysis of the trade receivables (net of allowance for doubtful debts) as at the balance sheet date, based on the invoice date, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current to 90 days	8,921	14,002
91 days to 180 days	402	847
Over 180 days	1,974	3,912
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Trade receivables	11,297	18,761
Advances to third parties (<i>Note</i>)	7,662	5,275
Amount due from an ex-associate	3,668	–
Prepayments	7,551	25,618
Bills receivable	5,558	1,009
Deposit paid/payment in advance to suppliers	34,519	33,894
Deposit paid for capital expenditures	609	15,140
Consideration receivable for the disposal of an associate	31,121	–
Others	14,860	18,999
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	116,845	118,696
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The movements in provision for impairment of trade and other receivables are as follows:

At 1 April	1,678	547
Impairment loss	759	1,120
Amount written off as uncollectible	(58)	–
Exchange realignment	261	11
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At 31 March	2,640	1,678
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Note:

At 31 March 2008, the advances to third parties were unsecured, interest free and repayable on demand. At 31 March 2007, the advances to third parties were unsecured, bore interest at 5.58% and repayable on demand. Before making any advances, the Group will understand the potential debtor's credit quality and defines its credit limits to debtors with an appropriate credit history. Credit limits attributed to debtors are reviewed regularly.

Before accepting any new customer, the Group uses a system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a regular basis. Minimal amount of the trade receivables that are neither past due nor impaired have the best credit under the credit system used by the Group.

At 31 March 2008, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$1,974,000 (2007: HK\$3,912,000) which are past due at the reporting date and aged over 90 days for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances.

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11 TRADE AND OTHER PAYABLES

The following is an analysis of major components of the balance with aged analysis of trade payables:

	2008	2007
	HK\$'000	HK\$'000
Trade payables, falling due in:		
0 – 3 months	19,262	16,285
4 – 6 months	2,577	4,031
Over 6 months	12,462	21,889
Trade payables	34,301	42,205
Deposit received from customers (<i>note (i)</i>)	56,941	15,464
Convertible notes interest payable	910	2,169
Customer gas fuel deposits and other deposit received	8,901	20,008
Income received in advance	23,586	12,506
Received in advance for the exercise of share options (<i>note (ii)</i>)	–	9,607
Other payable for the purchase of property, plant and equipment	8,321	8,803
Consideration payable for the acquisition of additional interest in a subsidiary	8,892	1,009
Accrued charges and other payables	24,365	37,779
	166,217	149,550

Notes:

- (i) Deposits received from customers represent the gas pipeline connection fee received but the pipelines have not yet been completed.
- (ii) Received in advance for the exercise of share options represent the amount received from the share option holders.

12 COMMITMENTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Contracted for but not provided in the consolidated financial statements		
Capital expenditure in respect of:		
investment in an associate	–	9,690
investment in a subsidiary	30,000	16,150
Commitments in respect of the acquisition for:		
property, plant and equipment	302,783	297,769
	<u>332,783</u>	<u>323,609</u>

Apart from the above, the Group had no other material commitments or contingent liabilities at the balance sheet date.

13 PLEDGE OF ASSETS

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Property, plant and equipment	14,477	15,529
Investment properties	8,370	1,756
Intangible assets – exclusive rights of operations	52,176	49,019
Prepaid lease payments in respect of land use rights	17,860	11,184
	<u>92,883</u>	<u>77,488</u>

In addition to the above, the Group has also pledged its rights to receive fee income of certain subsidiaries in favour of banks to secure banking facilities granted to the Group as at 31 March 2008 and 2007 respectively.

14 POST BALANCE SHEET EVENT/IMPAIRMENT LOSS IN RESPECT OF EARTHQUAKE

On 12 May 2008, there was an earthquake with a magnitude of 8.0 on the Richter scale struck Wenchuan area of Sichuan Province, the PRC. The urban and rural areas of Bei Chuan County, Mian Zhu City and Han Wang Town, where certain of the Company's subsidiaries are located, were affected. In the earthquake, a considerable portion of assets and operating facilities of wholly owned subsidiaries of the Group namely as Mian Zhu City Han Wang Natural Gas Co., Ltd.; Mian Zhu City Hong Sen Natural Gas Co., Ltd.; Mian Zhu City Long Teng Gas Installation Co., Ltd.; Longxing (Yan Ting) Natural Gas Co., Ltd. and Bei Chuan County Zhongmin Gas Co., Ltd. (collectively referred to as the "Sichuan Companies") in Mianzhu City, Han Wang Town, and Bei Chuan County, Sichuan Province were seriously damaged and there were casualties among the staff and families, which caused material disruption to the operation of the supply of Gas Fuel and gas pipeline connection business.

**14 POST BALANCE SHEET EVENT/IMPAIRMENT LOSS IN RESPECT OF EARTHQUAKE
(CONTINUED)**

Meanwhile, certain assets of Chongqing Zhongmin Gas Co., Ltd. and Xi'an Zhongmin Gas Co., Ltd. (collectively referred to as "Affected Neighbouring Companies"), wholly-owned subsidiaries of the Group located in Chongqing City and Yan Liang District, Xi'an City, both surrounding Sichuan Province, respectively were also damaged during the earthquake.

Impairment in respect of earthquake was recognised as follows:

	Sichuan Companies	Affected Neighbouring Companies	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	167,103	51,498	218,601
Goodwill	43,756	5,000	48,756
Prepaid lease payments	4,459	–	4,459
Available-for-sale investment	6,147	–	6,147
Trade and other receivables	633	–	633
Inventories	1,326	–	1,326
	<u>223,424</u>	<u>56,498</u>	<u>279,922</u>

As assessed by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group, impairment loss of approximately HK\$56,498,000 was recognised for property, plant and equipment of and goodwill attributable to the Affected Neighbouring Companies in the consolidated income statement. In addition, the Directors are of the opinion that no future economic benefits would be generated from certain assets of Sichuan Companies, and accordingly impairment loss of approximately HK\$223,424,000 was recognised in the consolidated income statement.

As of the date of this results announcement, the Group has neither received nor been entitled to receive any compensation from the insurance companies or government. The Directors are of the opinion that the Group had no significant contingent liabilities and capital commitment arising from the earthquake at the balance sheet date.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion

As described in note 44 to the consolidated financial statements, there was an earthquake with a magnitude of 8.0 on the Richter scale struck Wenchuan area of Sichuan Province of the People's Republic of China ("Wenchuan") on 12 May 2008. Certain of the Group's subsidiaries, namely, Mian Zhu City Han Wang Natural Gas Company Limited, Mian Zhu City Hong Sen Natural Gas Company Limited, Mian Zhu City Long Teng Gas Installation Company Limited, Longxing (Yan Ting) Natural Gas Company Limited ("Longxing") and Bei Chuan County Zhongmin Gas Company Limited (collectively referred to as the "Sichuan Companies") located in Wenchuan were severely affected. A considerable portion of assets and operating facilities of the Sichuan Companies have been suffered from serious damage. The accounting books and records of the Sichuan Companies except Longxing were destroyed and not be able to be recovered. The operations of the Sichuan Companies have been forced to be suspended for the time being.

As a result of the lack of certain accounting books and records for inspection caused by the earthquake, we were unable to carry out audit procedures to satisfy ourselves as to whether the following balances relating to the Sichuan Companies except Longxing, which have been included in the consolidated financial statements of the Group, are valid, complete, have been accurately recorded and properly accounted for in the consolidated financial statements:

Income and expenses for the year ended 31 March 2008:

Turnover	HK\$144,311,000
Cost of sales	HK\$104,355,000
Other operating income	HK\$1,749,000
Administrative expenses	HK\$8,959,000
Finance costs	HK\$210,000
Income tax expenses	HK\$3,090,000

Assets and liabilities as at 31 March 2008 (in gross amount):

Property, plant and equipment	HK\$123,374,000
Available-for-sale investment	HK\$11,985,000
Prepaid lease payments	HK\$3,353,000
Bank balances and cash	HK\$27,659,000
Inventories	HK\$455,000
Trade and other receivables	HK\$19,499,000
Trade and other payables	HK\$22,677,000
Income tax payables	HK\$18,150,000
Bank borrowings	HK\$6,447,000

Basis for disclaimer of opinion (continued)

In view of the significance of the damage on the Sichuan Companies' assets caused by the earthquake and its impact on the continuous operation of the Sichuan Companies, as well as the uncertainty about the recovery and resumption of the Sichuan Companies' business operation, the directors of the Company are of the opinion that assets of and goodwill attributable to the Sichuan Companies have been significantly impaired and an impairment loss with respect to the assets and goodwill of the Sichuan Companies of HK\$223,424,000 in aggregate, as set out in more detail in note 44 to the consolidated financial statements, is accordingly recognised and charged to the consolidated income statement for the year ended 31 March 2008.

As a result of the limitation of scope in our work with respect to the Sichuan Companies as mentioned above, we were unable to assess whether the provision for such impairment of assets and goodwill has been properly made and whether the amount of the impairment is adequate.

We were also unable to obtain sufficient reliable evidence to satisfy ourselves as to whether the Group has any significant contingent liabilities and commitment in respect of the Sichuan Companies arising as a result of the earthquake that need to be adjusted for or disclosed in the consolidated financial statements.

There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the abovementioned matters. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustment to these figures may have a consequential significant effect on the loss for the year and net assets at 31 March 2008.

Disclaimer of opinion: disclaimer on view given by consolidated financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 March 2008 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FINANCIAL REVIEW

Gross profit margin

For the year ended 31 March 2008, the overall gross profit margin of the Group was 23%, representing a decrease of 10% as compared with 33% of gross profit margin in the corresponding period last year, the gross profit also declined by 17.4%. The decrease of gross profit margin and gross profit was mainly attributable to the following reasons:

- (1) the change in income structure of the Group, namely the business of piped gas fuel with higher in gross profit margin accounted for the turnover of the year has decreased substantially to 68.7%, as compared to 91.9% of the corresponding period last year, meanwhile the income from LPG sales with lower in gross profit margin accounted for the turnover of the year has increased to 31.3%, as compared to 6.3% of the corresponding period last year. The gross profit margin was diluted accordingly.
- (2) the purchase cost of gas fuel greatly raised this year when compared with the beginning of the year. The increase in cost not only limits the sale of gas fuel, but also affects the number of connection to new customers. It is estimated that this situation will be improved after Inshore of Indonesia LNG in 2009.

Liquidity and capital resources

As at 31 March 2008, the total assets of the Group was approximately HK\$1,365,454,000, and current liabilities, long term liabilities, shareholders' equity and minority interests were approximately HK\$389,888,000, HK\$258,581,000, HK\$650,896,000 and HK\$66,089,000 respectively.

As at 31 March 2008, the Group's cash and cash equivalents amounted to approximately HK\$170,318,000 (2007: approximately HK\$184,031,000) and the total borrowings amounted to approximately HK\$384,219,000 (2007: approximately HK\$643,374,000). The debt-to-capitalisation ratio, representing the ratio of total borrowings to equity (excluding minority interests), was 37.1% (2007: 56.1%).

US\$20,000,000 2% Convertible notes due in 2008

On 7 September 2005, the Company issued US\$20,000,000 (equivalent to approximately HK\$156,000,000) 2% convertible notes due in 2008 to Equator View Capital (an independent third party which is indirectly owned as to 49% by Oasis Management Holdings LLC, an international investment fund). During the year ended 31 March 2008, the convertible notes with remaining principal amount of US\$5,000,000 (equivalent to approximately HK\$38,900,000) were converted into 126,706,488 ordinary shares of the Company. As of 31 March 2008, the convertible notes with full amount of US\$20,000,000 (equivalent to approximately HK\$156,000,000) were fully converted into 484,675,486 ordinary shares of the Company.

US\$40,000,000 2% Convertible notes due in 2009

On 30 May 2006, the Company entered into a subscription agreement (the “Subscription Agreement”) with Indopark Holdings Limited, an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc., in respect of the issue of US\$40,000,000 (equivalent to approximately HK\$310,000,000) 2% convertible notes due in 2009. Pursuant to the terms of the Subscription Agreement, the convertible notes can be converted into shares at a conversion price of HK\$0.60 per share (subject to adjustment). Unless previously redeemed, converted or purchased and cancelled, the convertible notes shall be redeemed by the Company at 106% of their principal amount at the third anniversary of the issue date. The convertible notes carried interest from the issue date at the rate of 2% per annum of the principal amount. During the year ended 31 March 2008, convertible notes with an amount of US\$20,000,000 (equivalent to approximately HK\$155,000,000) have been converted into 258,333,332 ordinary shares of the Company. As of 31 March 2008, the convertible notes with an amount of US\$20,000,000 (equivalent to approximately HK\$155,000,000) remained outstanding. The conversion price was reset in accordance to Reset Reference Price as stated in Subscription Agreement to HK\$0.50 in July 2008.

Borrowing structure

As at 31 March 2008, the total borrowings of the Group was approximately HK\$384,219,000 (2007: approximately HK\$643,374,000), which included interest-bearing convertible notes with a fair value of approximately HK\$157,878,000, while the balance comprised domestic bank loans denominated in Renminbi of the project companies in the PRC. Other than the convertible notes with fixed interest, bank loans, which were applied to gas pipeline construction, general working capital and for operating expenses, carried interest at floating fixed rates or the interest rate announced by PBOC. Apart from the loans with an amount equivalent to approximately HK\$148,536,000 were pledged with certain assets with carrying amount of approximately HK\$92,883,000, other were unsecured. Short-term bank loans amounted to approximately HK\$147,629,000, while others were due after 1 year.

Capital structure

The Group’s long-term capital comprises shareholders’ equity and debt, which includes the bank borrowings and convertible notes, that is confirmed by the sound debt-to-capitalisation ratio discussed in the section headed “Liquidity and capital resources” above.

Exposure to foreign exchange risk

All of the Group’s operation are carried out in the PRC and substantially all of its income and expenses were denominated in RMB. During the year ended 31 March 2008, the continuous appreciation of RMB has been favourable to the Group as a whole. The Group will closely monitor the market interest rates and make appropriate adjustment when necessary.

Capital commitments

As at 31 March 2008, the Group's capital commitment amounted to approximately HK\$332,783,000, mainly attributable to the major engineering works of the Fujian Province LNG terminals project.

Contingent liabilities

As at 31 March 2008, the Group had no material contingent liabilities.

BUSINESS REVIEW

Provision of piped gas fuel business

Supplying piped gas fuel to household and commercial and industrial customers by gas pipeline networks in the PRC is the principal business of the Group, which is the Group's major source of income.

During the year ended 31 March 2008, the Group achieved piped gas fuel sales of 181.60 million cubic meters, representing an increase of 0.6% as compared with the corresponding period of last year. Among which, the sales of 43.56 million cubic meters of piped gas fuel to household customers represented an increase of 28.5% as compared to the corresponding period of last year as well as the sales of 138.04 million cubic meters of piped gas fuel to commercial and industrial customers, representing a decrease of 5.9% as compared with the corresponding period of last year.

During the year ended 31 March 2008, the Group completed connection work for a total number of 31,491 household customers, a decrease of 57.4% from the corresponding period of last year and 638 commercial and industrial customers, a decrease of 88.2% from the corresponding period of last year. The decrease in the number of connected customers during the year is primarily attributable to the fall in number of connected customers at the Group's subsidiaries in Fujian Province resulted from the tight supply and high price of gas in the region of Fujian Province. This negative factor is expected to be eliminated when Inshore of Indonesia LNG be introduced in year 2009.

During the year, the Group realised an income from provision of piped gas fuel of approximately HK\$425,846,000 (2007: approximately HK\$489,115,000), representing a decrease of 12.9% as compared with the corresponding period of last year. Income from provision of piped gas fuel accounted for approximately 68.7% of the Group's overall turnover during the year.

Transportation and distribution of LPG and retail of bottled LPG business

Transportation and distribution of LPG and retail of bottled LPG in the PRC is a newly added business of the Group in 2007. After a year of instant development, they have now become another major source of income for the Group. During the year ended 31 March 2008, the sales of LPG by the Group reached 38,263 tons in total, representing an increase of 377.3% over the corresponding period of last year and the Group realised an income from sales of LPG of approximately HK\$193,830,000 (2007: approximately HK\$33,689,000), representing an increase of 475.3% over corresponding period of last year. The Group's income from the transportation and distribution of LPG and retail of bottled LPG accounted for approximately 31.3% of the turnover during the year.

Video lottery system and equipment supply business

The Group intended to engage in the video welfare lottery system and equipment supply business in the PRC through investing in its associate – Zhong Min Zai Xian (Beijing) Technology Development Ltd. and the related license is still pending for approval. The lottery business has not yet to commence operation during the year.

NEW INVESTMENTS FOR THE YEAR

Establishing branches through investment

Zhangzhou City is one of the five major cities planned for gas fuel supply under the Fujian Province LNG project in the PRC. From 2009 onwards, Fujian Province will import LNG from Indonesia, the Group has established three branches in Hua'an County, Zhao'an County and Pinghe County of Zhangzhou City during the year. They are mainly engaged in piped gas fuel business.

Hua'an County has a population of approximately 160,000. It has established an economic development structure with hydroelectricity, photoelectricity, fine chemical industry, construction materials production, glasswork, and green food as the core industries, and tea, jade processing, bamboo and wood processing as the featured industries.

Zhao'an County has a population of approximately 570,000. Food processing and textile clothing industry are being well-established in the area, and a preliminary development framework for harbour front industries, such as ship-building and repairing, wind power generation, aquiculture, etc., have been formed.

Pinghe County has a population of approximately 550,000. It is one of the major hometowns of overseas Chinese and the original family home of China Taiwanese in Fujian Province. Mechanical manufacturing, food processing, paper processing, hydroelectricity, etc. are being the core industries within the area.

These three counties are densely populated and the development of industry and commerce has been fast, with favorable prospects for the growth of gas fuel market. When Inshore of Indonesia LNG is introduced, branches in these three counties are sure to bring along increasing numbers of connectable household customers and commercial and industrial customers, thus increasing the Group's sales volume of piped gas fuel.

Equity participation in New Chinese Medicine Holdings Limited

In August 2007, the Group subscribed for 150,000,000 new shares of New Chinese Medicine Holdings Limited ("NCM", stock code: 08085.HK) at a price of HK\$0.20 per share, accounting for approximately 14.24% of the issued share capital of NCM at 31 March 2008. As at the date of this result announcement, the Company held 12.46% of the issued share capital of NCM. NCM, registered in Cayman Islands, is listed in the Growth Enterprise Market of Hong Kong on 7 March 2002.

In April 2008, NCM entered into the funeral business in the PRC by acquiring the entire share capital of Beijing Zhong Min An Yuan Investment Co., Ltd. and its eight companies dealing in cemetery in Jinzhou City in Liaoning Province, Hangzhou City in Zhejiang Province, Urumchi City in Xinjiang Uygur Autonomous Region, Hohhot City in Inner Mongolia Autonomous Region, Xining City in Qinghai Province, Xi'an City in Shaanxi Province, Taiyuan City in Shanxi Province, and Dongying City in Shandong Province. The Group believes that funeral business has a prosperous future and it is expected that NCM will bring considerable investment returns for the Group.

PROSPECT

Provision of piped gas fuel

With the sustainable, stable and sound development of the economy of China, the accelerating industrialization and urbanization, as well as the introduction of multiple supply of gas promoted by gas transmission from West to East and coastal LNG projects, supports from the national energy policy, the operation of piped gas fuel supply is expected to undergo rapid development.

The gas fuel business of the Group is operating in densely populated areas where industry and commerce are flourishing, while great demand for piped gas fuel. The Indonesia LNG will be introduced to Fujian Province in early 2009. Compared with the high and rising oil and LPG in current prices, the Indonesia LNG is relatively cheap. This will definitely induce substantial change on the pattern of present energy consumption in Fujian Province, and the household, commercial and industrial customers who consumed LPG and oil in the past will shift to use LNG, bringing an increase in the consumption volume from LNG customers as well. It is expected that our number of customers connected with piped gas fuel and our sales volume in Fujian area will increase substantially, thus creating sufficient returns and cash flow for the Group.

On 8 June 2008, the PRC government issued “Regulation on Restoration and Reconstruction of Wenchuan after Earthquake”. Pursuant to the regulation, the state will offer financial supports and tax allowance for the reconstruction of the earthquake area, and the restoration and reconstruction of basic needs and public services has the high priority in the suffered area. Benefiting from the reconstruction policies announced by the state and following the works on re-building, removal and new building for the disaster cities, there is enormous room for growth to the subsidiaries of the Group located in the disaster areas during the process of the construction of new cities and towns. Future development of piped gas fuel supply of our subsidiaries in the area are still promising.

LPG business

Natural gas resources is deficient in southwest areas in China such as Yunnan Province, Guizhou Province, southwest of Hunan Province, thus such areas rely principally on the import of LPG from other provinces. The supply in consumer market is relatively limit and the prices are relatively high. The lack of natural gas resources in the southwest China continuous for a certain period of time. For areas where natural gas is unavailable, LPG will be a prime choice for the local citizens. Thus, there is a favorable market prospect.

Lottery business

According to statistics, sales revenues of lottery of the state in 2007 reached RMB101.6 billion, an increase of 24.2% over last year. Total sales of welfare lottery reached RMB63.2 billion, accounting for 62.2% of the total sales of lottery of the state, representing an increase of RMB13.6 billion over corresponding period of last year, an increase by 27.4%. In March 2008, China Legal Affairs Office of the State Council promulgated “Regulation on Management of Lottery (Draft for comment)”, asking for suggestions from different social sectors, being a step forward for the construction of legal system for lottery industry. With the sustainable growth of China economy, the per capita income and consumption power of the domestic citizens will be driven up in general. It is forecasted that the lottery market in China will have sustainable, fast and sound development. The lottery business of the Group, on its approval and launching, will surely bring remarkable returns and abundant cash flow for the Group.

Look forward to the future, the Group will continue to develop the piped gas fuel business, on the one hand, actively expand the gas fuel markets where the Group operates its business, put more effort in the construction of urban pipeline network, and steadily increase the number of customers connected with piped gas fuel and the sales volume; on the other hand, continuously expand new and quality gas fuel project. At the same time, we will keep on investing in our LPG business and expanding the scale of our LPG business. The Group will actively explore business which could generate much profits and cash returns, with the aim to establish an integrated holding enterprise and acquiring much values and returns for all shareholders.

REVIEW OF THE ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 March 2008.

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.

CORPORATE GOVERNANCE PRACTICES

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 Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As far as the Code is concerned, the Company complies with all aspects of the Code.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("the AGM") will be held at 9:00 a.m. on Thursday, 28 August 2008 at Grand Ballroom D, Basement 1st Floor, Harbour Plaza Resort City Hotel, 18 Tin Yan Road, Tin Shui Wai, New Territories, Hong Kong.

CLOSURE OF REGISTERS OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 August 2008, to Thursday, 28 August 2008 (both days inclusive), during which period no transfer of the Shares will be registered and no shares will be allotted and issued on the exercise of the subscription rights attaching to the outstanding share options granted by the Company. In order to qualify for attending the AGM, all transfers of the Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on or about, Monday, 25 August 2008.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HKEX AND THE COMPANY

The results announcement, as required, has been published on the website of Hong Kong Exchanges and Clearing Limited (“HKEX”) at www.hkex.com.hk under “Latest Listed Company Information” and the Company at www.ilinkfin.net/chinese_people under “Announcements” respectively. The annual report of the Company for the year ended March 31, 2008 will be dispatched to the shareholders around July 31, 2008 and will publish on the websites of the HKEX’s and the Company’s websites accordingly.

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Xu Ruixin, Dr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng, Mr. Jin Song and Mr. Wong Ching, 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
Managing and Executive Director

Beijing, 25 July 2008