CHINA PUBLIC PROCUREMENT LIMITED
中國公共採購有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Board") of China Public Procurement Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	2	**2,516,060**	1,223,077
Cost of sales		**(2,506,197)**	(1,217,523)
Gross profit		**9,863**	5,554
Other income and gains	3	**22,499**	18,589
Change in fair value of investment properties		**—**	6,549
Impairment loss recognised in respect of goodwill		**(935,361)**	(400,500)
Impairment loss recognised in respect of intangible assets		**(58,478)**	—
Impairment loss recognised in respect of property, plant and equipment		**(2,313)**	—
Impairment of trade and other receivables		**(2,384)**	(131,723)
Gain on disposal of a subsidiary		**—**	3,120
Administrative expenses		**(115,644)**	(162,232)
Finance costs	4	**(1,992)**	(2,375)
Loss before tax		**(1,083,810)**	(663,018)
Income tax credit (expenses)	5	**2,349**	(5,164)
Loss for the year	6	**(1,081,461)**	(668,182)

	NOTES	2015 HK$'000	2014 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(1,073,902)**	(665,164)
Non-controlling interests		**(7,559)**	(3,018)
		(1,081,461)	(668,182)
Loss per share			
— Basic and diluted	8	**(HK8.39) cents**	(HK5.67) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(1,081,461)**	(668,182)
Other comprehensive expenses		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(75,577)**	(26,368)
Reclassification adjustments for the cumulative exchange gains upon disposal of a foreign subsidiary	**—**	(663)
	(75,577)	(27,031)
Items that may not be reclassified subsequently to profit or loss:		
Changes in fair value of properties transferred to investment properties	**5,478**	—
Income tax relating to changes in fair value	**(1,986)**	—
	3,492	—
Total comprehensive expenses for the year	**(1,153,546)**	(695,213)
Total comprehensive expenses attributable to:		
Owners of the Company	**(1,145,305)**	(692,029)
Non-controlling interests	**(8,241)**	(3,184)
	(1,153,546)	(695,213)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**13,101**	25,422
Prepaid lease payments		**4,727**	14,252
Investment properties		**236,288**	229,673
Goodwill		**—**	987,531
Intangible assets		**49,155**	118,187
Interest in an associate		**1,307**	1,307
Prepayment		**—**	6,051
Deposit paid for potential acquisition of a subsidiary		**—**	19,000
Deferred tax assets		**866**	915
		305,444	1,402,338
Current assets			
Trade and other receivables	9	**159,637**	176,701
Loan receivables		**100,534**	104,484
Prepaid lease payments		**95**	301
Amount due from a director		**1,000**	—
Amounts due from a substantial shareholder and its subsidiaries		**66,942**	39,712
Pledged bank deposit		**11,917**	—
Bank balances and cash		**51,529**	19,926
		391,654	341,124
Current liabilities			
Trade and other payables	10	**41,008**	168,909
Amounts due to a substantial shareholder and its subsidiaries		**9,606**	19,912
Tax payable		**42,921**	50,185
Bank and other borrowings		**35,792**	—
		129,327	239,006
Net current assets		**262,327**	102,118
Total assets less current liabilities		**567,771**	1,504,456

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred income		**17,713**	18,637
Deferred tax liabilities		**32,064**	35,723
		49,777	54,360
		517,994	1,450,096
Capital and reserves			
Share capital	11	**132,880**	120,837
Convertible preference shares	12	**43**	589
Reserves		**384,245**	1,318,429
Equity attributable to owners of the Company		**517,168**	1,439,855
Non-controlling interests		**826**	10,241
		517,994	1,450,096

Notes:

1. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE**

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the new and revised 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 the disclosures set out in these consolidated financial statements.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010–2012 Cycle has had no material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011–2013 Cycle has had no material impact on the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

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 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), 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 (2014) 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.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a more detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012–2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment and intangible assets with definite lives, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the application of the amendments to HKAS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and performance assessment are as follows:

(1) Public procurement segment engages in the provision of public procurement services;

(2) Trading business segment engages in trading of different products;

(3) Provision of corporate IT solution segment engages in the development of software and provision of maintenance services to the customers; and

(4) EMC segment engages in the provision of energy management services.

The chief operating decision maker assesses the performance of the operating segments based on types of goods delivered or services provided.

(a) Segment revenues and results

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

For the year ended 31 December 2015

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE						
External sales	**9,700**	**2,493,334**	**13,026**	—	—	**2,516,060**
Inter-segment sales	**752**	—	**981**	—	(1,733)	—
	10,452	**2,493,334**	**14,007**	—	(1,733)	**2,516,060**
Contribution to segment profit	**5,075**	**2,747**	**2,041**	—		**9,863**
Amortisation of deferred income	**6,984**	—	—	—		**6,984**
Impairment loss on goodwill	**(935,361)**	—	—	—		**(935,361)**
Impairment loss on intangible assets	**(48,191)**	—	**(10,287)**	—		**(58,478)**
Impairment loss on property, plant and equipment	**(2,313)**	—	—	—		**(2,313)**
Written off of prepayment	—	—	—	**(5,976)**		**(5,976)**
Impairment loss on trade receivable	—	—	**(1,201)**	—		**(1,201)**
Segment (loss) profit	**(973,806)**	**2,747**	**(9,447)**	**(5,976)**		**(986,482)**
Unallocated income and gains						**15,515**
Unallocated expenses						**(109,668)**
Impairment loss on other receivable						**(1,183)**
Finance costs						**(1,992)**
Consolidated loss before tax						**(1,083,810)**

For the year ended 31 December 2014

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE						
External sales	6,370	1,207,176	9,531	—	—	1,223,077
Inter-segment sales	—	—	1,586	—	(1,586)	—
	6,370	1,207,176	11,117	—	(1,586)	1,223,077
Contribution to segment profit	1,757	2,279	1,518	—		5,554
Impairment loss on goodwill	(400,500)	—	—	—		(400,500)
Impairment loss on other receivable	—	—	—	(43,432)		(43,432)
Segment (loss) profit	(398,743)	2,279	1,518	(43,432)		(438,378)
Change in fair value of investment properties						6,549
Impairment of other receivable						(88,291)
Unallocated income						18,589
Unallocated expenses						(162,232)
Gain on disposal of a subsidiary						3,120
Finance costs						(2,375)
Consolidated loss before tax						(663,018)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned (loss incurred) by each segment without allocation of central administration costs, directors' emoluments, certain other income and gains, gain on disposal of a subsidiary, change in fair value of investment properties, impairment of other receivable and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

An analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Rendering of services	**22,726**	15,901
Sales of goods	**2,493,334**	1,207,176
	2,516,060	1,223,077

(b) Segment assets and liabilities

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

Segment assets

	At 31 December	
	2015	2014
	HK$'000	*HK$'000*
Public procurement	**56,511**	1,090,025
Trading business	**92,090**	144,839
Provision of corporate IT solution	**5,742**	22,092
EMC	**—**	6,051
Total segment assets	**154,343**	1,263,007
Unallocated corporate assets	**542,755**	480,455
Consolidated assets	**697,098**	1,743,462

Segment liabilities

	At 31 December	
	2015	2014
	HK$'000	*HK$'000*
Public procurement	**12,164**	41,297
Trading business	**1,856**	108,278
Provision of corporate IT solution	**578**	423
EMC	**—**	2,507
Total segment liabilities	**14,598**	152,505
Unallocated corporate liabilities	**164,506**	140,861
Consolidated liabilities	**179,104**	293,366

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

- all assets are allocated to operating segments other than interest in an associate, loan receivables, certain property, plant and equipment, investment properties, prepaid lease payments, certain intangible assets, deferred tax asset, certain other receivables, amounts due from a director and a substantial shareholder and its subsidiaries, pledged bank deposit and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, tax payable, amounts due to a substantial shareholder and its subsidiaries, bank and other borrowings, and deferred tax liabilities as these liabilities are managed on a group basis.

(c) Other segment information

Year ended 31 December 2015

	Public procurement *HK$'000*	Trading business *HK$'000*	Provision of corporate IT solution *HK$'000*	EMC *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	**58**	**655**	**102**	—	**406**	**1,221**
Impairment loss recognised in respect of goodwill	**935,361**	—	—	—	—	**935,361**
Impairment loss recognised in respect of intangible assets	**48,191**	—	**10,287**	—	—	**58,478**
Impairment loss recognised in respect of property, plant and equipment	**2,313**	—	—	—	—	**2,313**
Depreciation of property, plant and equipment	**2,490**	**6**	**128**	—	**2,045**	**4,669**
Amortisation of intangible assets	—	—	**4,878**	—	**121**	**4,999**
Impairment loss of trade and other receivables	—	—	**1,201**	—	**1,183**	**2,384**
Written off of prepayment	—	—	—	**5,976**	—	**5,976**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Finance costs	—	—	—	—	**1,992**	**1,992**
Interest in an associate	**1,307**	—	—	—	—	**1,307**
Amortisation of prepaid lease payments	—	—	—	—	**100**	**100**

Note: Non-current assets exclude deferred tax assets.

Year ended 31 December 2014

	Public procurement *HK$'000*	Trading business *HK$'000*	Provision of corporate IT solution *HK$'000*	EMC *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	3,503	—	—	—	8,237	11,740
Impairment loss recognised in respect of goodwill	400,500	—	—	—	—	400,500
Depreciation of property, plant and equipment	2,502	—	127	—	5,217	7,846
Amortisation of intangible assets	—	—	4,942	—	37	4,979
Impairment of other receivables	—	—	—	43,432	88,291	131,723
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Finance costs	—	—	—	—	2,375	2,375
Change in fair value of investment properties	—	—	—	—	(6,549)	(6,549)
Interest in an associate	1,307	—	—	—	—	1,307
Amortisation of prepaid lease payments	—	—	—	—	309	309

Note: Non-current assets excluded deposit paid for potential acquisition of a subsidiary and deferred tax assets.

(d) Geographical information

The Group operates principally in the PRC (the county of domicile).

The Group's revenue from external customers based on the location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Carrying amounts of non-current assets *(Note)***	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**2,516,060**	1,223,077	**304,410**	1,382,202
Hong Kong	**—**	—	**168**	221
	2,516,060	1,223,077	**304,578**	1,382,423

Note: Non-current assets excluded deposit paid for potential acquisition of a subsidiary and deferred tax assets.

(e) Information about major customers

Revenue from customers of the Group contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
— Customer A*	**429,648**	—
— Customer B*	**313,559**	—
— Customer C*	**—**	361,342
— Customer D*	**—**	174,995
— Customer E*	**—**	155,177
— Customer F*	**—**	146,963

* From the Group's trading business segment.

3. OTHER INCOME AND GAINS

	2015	**2014**
	HK$'000	*HK$'000*
Government grants		
— amortisation of deferred income	**7,295**	315
— others*	**—**	79
Rental income	**8,962**	3,796
Exchange gain	**1,631**	255
Bank interest income	**179**	77
Gain on settlement of other payable	**2,095**	—
Compensation income	**—**	13,480
Investment income	**924**	—
Gain on disposal of property, plant and equipment	**380**	—
Sundry income	**1,033**	587
	22,499	18,589

* Government grants mainly represented subsidies provided by local government authorities for financing the Group's operations expenses and there were no conditions attached to the subsidies.

4. FINANCE COSTS

	2015	**2014**
	HK$'000	*HK$'000*
Interest on:		
— bank loans	**—**	2,375
— other borrowing	**1,992**	—
	1,992	2,375

5. INCOME TAX (CREDIT) EXPENSES

	2015 *HK$'000*	2014 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**—**	1,771
PRC Enterprise Income Tax ("EIT") — current year provision	**1,362**	496
EIT — Under-provision in prior years	**—**	339
	1,362	2,606
Deferred taxation	**(3,711)**	2,558
	(2,349)	5,164

6. LOSS FOR THE YEAR

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

	2015 *HK$'000*	2014 *HK$'000*
Staff costs		
— Directors' emoluments	**16,930**	17,856
— Other staff costs	**39,918**	39,631
— Retirement scheme contributions	**5,415**	5,464
— Equity-settled share-based payment expenses	**1,822**	23,840
Total staff costs	**64,085**	86,791
Write-off of prepayment	**5,976**	—
Amortisation of prepaid lease payments	**100**	309
Rental income from investment properties	**(8,962)**	(3,796)
Cost of inventories recognised as expense	**2,490,587**	1,204,897
Depreciation of property, plant and equipment	**4,669**	7,846
Amortisation of intangible assets	**4,999**	4,979
Minimum lease payments under operating leases	**13,431**	13,388

7. DIVIDENDS

No dividend was paid or proposed during both years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

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

	2015 *HK$'000*	2014 *HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(1,073,902)**	(665,164)

Number of shares	**2015**	2014
	'000	*'000*
Weighted average number of ordinary shares and preference shares for the purpose of basic and diluted loss per share	**12,797,715**	11,725,438

As the exercise prices of the outstanding share options are higher than the average market price for shares, the computation of diluted loss per share for the year ended 31 December 2015 and 2014 does not assume the exercise of the Company's outstanding share options.

9. TRADE AND OTHER RECEIVABLES

	2015	**2014**
	HK$'000	*HK$'000*
Trade receivables	**21,172**	5,001
Other receivables	**130,975**	134,717
Impairment for other receivables	**(128,153)**	(131,723)
	2,822	2,994
Compensation income receivable	**8,473**	13,473
Prepayments for goods	**75,402**	144,839
Other prepayments	**48,695**	5,695
Deposits	**3,073**	4,699
	159,637	176,701

The Group does not hold any collateral over its trade and other receivables.

The Group normally grants to its customers credit periods ranging from 30 days to 90 days which are subject to periodic review by management. For receivables relating to the energy management business, a credit period of 180 days is offered. The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**3,310**	2,752
91 days to 180 days	**—**	30
181 days to 365 days	**16,124**	—
Over 365 days	**1,738**	2,219
	21,172	5,001

10. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**1,576**	—
Accruals	**10,404**	9,222
Security deposits	**9,662**	5,741
Receipt in advance	**683**	108,278
Other payables	**12,270**	37,767
Payables for acquisition of property, plant and equipment	**4,060**	4,776
Payables for acquisition of intangible assets	**2,353**	3,125
	41,008	168,909

The average credit period on purchases of goods ranging from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**592**	—
91 days to 180 days	**814**	—
181 days to 365 days	**170**	—
	1,576	—

11. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	**20,000,000**	200,000
Issued and fully paid:		
At 1 January 2014	**11,291,343**	112,913
Increase on conversion of preference shares *(note b)*	**20,000**	200
Issue of shares *(note a)*	**772,388**	7,724
At 31 December 2014 and 1 January 2015	**12,083,731**	120,837
Increase on conversion of preference shares *(note b)*	**54,620**	546
Issued by capitalisation of loan payable *(note c)*	**149,677**	1,497
Issue of shares *(note d)*	**1,000,000**	10,000
At 31 December 2015	**13,288,028**	132,880

Notes:

a. On 20 June 2014 and 23 December 2014, the Company issued 698,888,000 and 73,500,000 ordinary shares of HK$0.01 each for HK$0.36 and HK$0.242 per share respectively, raising total proceeds of HK$269,387,000, before direct issue costs of HK$873,000.

b. During the year ended 31 December 2015, 54,620,000 (2014: 20,000,000) ordinary shares of HK$0.01 each was issued and allotted, credited as fully paid, upon conversion of 54,620,000 (2014: 20,000,000) preference shares.

c. On 3 August 2015, 149,677,419 ordinary shares of the Company of HK$0.01 each were issued for the settlement of other payables of HK$23,200,000. Upon issue of the shares on 13 August 2015, the aggregate fair values of the shares issued amounted to approximately HK$21,105,000 and a gain of HK$2,095,000 was recognised.

d. On 29 May 2015, the Company issued 1,000,000,000 ordinary shares of HK$0.01 each for HK$0.1705 per share, raising total proceeds of HK$170,500,000, before direct issue costs of HK$9,000,000.

12. CONVERTIBLE PREFERENCE SHARES

Convertible preference shares at HK$0.01 each, issued and fully paid:

	Number of shares	**Nominal value of preference shares**
	'000	*HK$'000*
At 1 January 2014	78,904	789
Conversion into ordinary shares	(20,000)	(200)
At 31 December 2014	58,904	589
Conversion into ordinary shares	(54,620)	(546)
At 31 December 2015	4,284	43

The conversion rate of each convertible preference share is one ordinary share. The major terms of the convertible preference shares are set out below:

(i) The convertible preference shareholders has the right, exercisable at any time perpetual as from the date of issue, to convert the preference shares into fully paid ordinary shares, provided that (1) any conversion of the convertible preference shares does not trigger a mandatory offer obligation under rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the convertible preference shares holders and their concert parties who exercise the conversion rights; (2) the public float of the shares shall not be less than 25%.

(ii) The convertible preference shares are transferable and do not carry the right to vote at the Company's general meetings. The convertible preference shareholders shall be entitled to the dividend declared by the Company.

(iii) The convertible preference shares shall rank pari passu with any and all current and future preferred equity securities of the Company.

(iv) The convertible preference shares are non-redeemable.

Based on the above terms and conditions, the convertible preference shares have been classified as equity instrument in the consolidated statement of financial position.

During the year ended 31 December 2015, 54,620,000 preference shares (2014: 20,000,000 preference shares) of HK$0.01 each were converted, resulting in the issue and allotment of 54,620,000 ordinary shares (2014: 20,000,000 ordinary shares) of HK$0.01 each, credited as fully paid.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Basis for qualified opinion

Limitation of scope on the impairment assessment of trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries

As at 31 December 2015, the Group had trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries of approximately HK$159,637,000, HK$100,534,000 and HK$66,942,000 respectively. We were not provided with sufficient appropriate audit evidence we considered necessary to assess whether the carrying amounts of the trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries of approximately HK$103,888,000, HK$100,534,000 and HK$66,942,000 respectively could be recovered in full.

There were no practical alternative audit procedures that we could perform to satisfy ourselves that the carrying amount of the Group's trade and other receivables, loan receivables and amounts due from a substantial shareholder and its subsidiaries and the relevant provision for impairment losses were fairly stated as at 31 December 2015. Any adjustment found to be necessary to the carrying amount of the above balances as at 31 December 2015 would affect the Group's net assets as at 31 December 2015 and the Group's loss for the year then ended and the related note disclosures to the consolidated financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

China Public Procurement Limited (referred to hereafter as "The Company") is mainly engaged in the construction and operation of electronic public procurement projects in the PRC. As an independent facilitating platform, the Company takes systematic reform and institutional renovation of the public procurement sector as its own responsibility, taking full advantage of its mixed ownership model with Guocai Science & Technology Company Limited (國採科技股份有限公司), our PRC Partner, straddling between the public and private sector. Full openness and transparency are our principle of procurement as we strive to construct a unified platform for public procurement throughout the nation.

RESULTS AND BUSINESS REVIEW

For the year ended 31 December 2015, the Group recorded a turnover of HK$2,516.1 million (2014: HK$1,223.1 million), which represented an increase of approximately 106%. All three of our business segments recorded an improvement in revenue over the previous year.

Our Public Procurement Segment recorded revenue of HK$9.7 million for the year (2014: HK$6.4 million) which was 52% improvement over the previous year. The improvement was largely due to more customers using our platform for bidding contracts.

Our Corporate IT Solution segment recorded revenue of HK$13.0 million for the year (2014: HK$9.5 million), a 37% improvement over the previous year due to increase in number of customer contracts.

Our Trading segment reported revenue of HK$2,493.3 million for the year (2014: HK$1,207.2 million), which was 107% better than the previous year. We started this segment in the last quarter of 2014 and saw a pick up in trading activities during the first half of 2015. However, the economic and business environment in China were impacted by liquidity issues in the later part of 2015 and as a result, we experienced slower growth in the second half of 2015.

No revenue was generated from the Energy Management Services Segment (EMC) in 2015 and 2014. The Group will closely monitor the development in this market segment.

For the year ended 31 December 2015, the Group recorded gross profit of approximately HK$9.9 million (2014: HK$5.6 million), which represented an increase of approximately 77%. The increase was due to increase revenue and improved cost management during the year.

The Group recorded a loss of approximately HK$1,081.5 million as compared to a loss of approximately HK$668 million last year, The increase in the loss for the year was mainly attributable to the impairment loss recognized in respect of goodwill of HK$935.4 million and intangible assets of HK$58.5 million.

On 31 July 2015, the "Proposal Relating to the Integration and Establishing of a Unified and Standardised Public Resources Trading Platform" was approved by the Standing Committee of the State Council of the PRC. It is expected that many of the current provincial and local governments, including those currently active on our platforms, will follow the new rules and regulations. As these rules and regulations are relatively new, and their interpretation and enforcement can be unpredictable, the Group expects a period of adjustments and uncertainties surrounding the future government procurement applications. Considering the uncertainties and potential challenges created by the new rules and regulation, the Group considered it necessary to take a prudent view on the future business outlook. A significant amount of the Group's goodwill and intangible assets which was carried forward from previous years, requires reassessment in terms of recoverability based on revised market outlook. Accordingly, an impairment loss of approximately HK$993.8 million of goodwill and intangible assets has been recognized for the year ended 31 December 2015.

Administrative expenses of the Group amounted to HK$115.6 million, which is 29% less than the previous year of HK$162.2 million. Lower professional fees, payroll expenses and non-cash employee stock option expense accounted for the lower administrative expenses for the year.

Finance costs for the year ended 31 December 2015, were HK$2.0 million, representing a decrease of 17% from HK$2.4 million in the last year, which was mainly attributable to the full settlement of a bank loan facility during 2014.

FINAL DIVIDEND

Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

BUSINESS REVIEW

In the year under review, the Group continues to build the procurement platform and customers relationships. As disclosed in the announcement of the Company dated March 2015, the Group had been pursuing a number of business opportunities in public procurement related activities. The July 2015 Announcement by the State Council of PRC on standardization of public resources trading platform had caused a review of the Group's business development strategy. The Group is currently reviewing the strategy and would be taking a prudent approach in light of the uncertainty of the new rules and regulations.

In December 2015, the Group entered into an agreement ("Proposed Acquisition") to acquire Pioneer Spot Limited, a company that owns an effective interest of 40% in 北京易安通寶電子商務有限公司, a PRC company that engages in the promotion and servicing of cross-border payment and settlement. The agreement is pending regulatory and shareholders approval.

OUTLOOK

The State Council issued the Guidance Opinions on "Internet+" Actions in July 2015, which proposed a specific scope that required in-depth integration between information technology. Under this policy direction, the information technology industry is facing enormous development opportunities. The Group will continue to identify suitable opportunities building new income streams while minimizing expenditures to improve the results of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its liquidity requirements primarily through internal resources, bank and other loans and issue of new securities. During the year, the Company issued a total of 1,000,000,000 shares for total net cash proceeds of approximately HK$161.5 million. As at 31 December 2015, the Group had cash and cash equivalents of HK$63.4 million, mainly denominated in RMB, and HK dollar (as at 31 December 2014: HK$19.9 million). As at 31 December 2015, the Group's working capital and current ratio were net current assets of approximately HK$262.3 million (2014: HK$102.1 million) and 3.03X (2014: 1.43X) respectively.

GEARING RATIOS

As at 31 December 2015, the Group's gearing ratios, calculated as total interest-bearing bank and other borrowings divided by total shareholders equity is 6.9% (2014: N/A).

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged bank deposit of HK$11.9 million to secure a credit facility of similar amount.

As at 31 December 2014, certain buildings, prepaid lease payments and investment properties with aggregate carrying amounts of HK$249.3 million were pledged to secure credit facility granted by a company controlled by a director to an independent third party. No amount has been drawn on the credit facility as at 31 December 2014 and the credit facility was subsequently cancelled.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The announcement of State Council on the standardization of the Public Resources Procurement Platform had caused the Group to reassess its on-going commitment to invest in the electronic public procurement platform. In view of the uncertainties caused by the new rules and regulations, the

Group has adopted a prudent approach in furthering its investment activities. Based on the working capital forecast prepared by the management with reference to the Group's current business plans, the management considers that the Company will be able to finance its working capital requirement for the next 12 months from 31 December 2015.

As disclosed in the announcement dated 21 December 2015, the Group has entered into an acquisition agreement to acquire Pioneer Spot Limited for a total consideration of HK$1,250.5 million. The consideration shall be satisfied by cash payment of HK$30 million and issuance of a combination of the Company's shares at HK$0.242 per share and convertible bonds. The acquisition agreement is pending regulatory and shareholders approval.

FOREIGN EXCHANGE EXPOSURE

For the year ended 31 December 2015, the Group mainly earns revenue in RMB and incurred costs in HK$, RMB and US$. Although, the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future. However, any permanent or significant changes in RMB against HK$, may have possible impact on the Group's results and financial positions.

STAFF AND REMUNERATION POLICY

The Group determines staff remuneration in accordance with market terms and individual qualifications and performance. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. For the year ended 31 December 2015, the Group employed 160 (2014: 228) employees and the total remuneration of the employees (including directors) was approximately HK$64.1 million (2014: HK$86.8 million). The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected directors or employees of the Group, with a view to attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group.

CONNECTED TRANSACTIONS

(1) On 10 December 2014, the Board announced that 國採（北京）技術有限公司 (Guocai (Beijing) Technology Company Limited*) (the "EJV"), 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) (the "PRC Partner") and 浙江九好辦公服務集團有限公司 (Zhejiang Nine Top Office Services Group Company Limited*) ("Zhejiang Nine Top") entered into the exclusive services and cooperation agreement, pursuant to which the EJV and the PRC Partner agreed to grant the exclusive right (i) to cooperate with the entities controlled or partly owned by, or the cooperating institutions of, the EJV or the PRC Partner in the provision of the services relating to the procurement of office supplies and administrative and logistical support services, including but not limited to catering services, property-related services or gardening services on the electronic public procurement platform operated by the Group in cooperation with the PRC Partner; and (ii) to receive revenue from the provision of such services, to Zhejiang Nine Top at a consideration of RMB30 million.

    On 28 August 2015, the Board announced that although the exclusive services and cooperation agreement had been entered into in December 2014, the said agreement had not been performed since its signing by the parties. In view of the prolonged lack of development of the said project and after discussion among the parties, among others, the Company, the EJV, the PRC Partner and Zhejiang Nine Top entered into a termination agreement ("Termination Agreement") on 28 August 2015. Pursuant to the Termination Agreement, the parties agreed that, among other matters, (i) the framework agreement, the exclusive services and cooperation agreement and any other relevant documents (collectively, the "Agreements") in relation to the said project shall be terminated; (ii) the parties shall not be liable for any breach of contract resulting from the termination of the Agreements; and (iii) the parties shall no longer be required to fulfil their obligations that would otherwise have to be fulfilled under the Agreements.

The Board considered that the termination of the Agreements did not have any material adverse impact on the operations of the Group.

Details for the above transaction were published in the Company's announcements dated 10 December 2014 and 28 August 2015.

(2) On 22 January 2015, the Board announced that 公采網絡科技有限公司 (Gongcai Network Technology Company Limited*) (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) (the "Vendor"), pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to dispose of its entire equity interest in 國採（北京）科技發展有限公司 (Guocai (Beijing) Technology Development Company Limited*) at a consideration of RMB113 million (equivalent to approximately HK$140 million).

Pursuant to the acquisition agreement, in the event that the conditions to the acquisition are not fulfilled (or as the case may be, waived by the Purchaser) on or before 31 December 2015 (''Long Stop Date'') or such later date as the Vendor and the Purchaser may agree in writing, the acquisition agreement shall cease and determine and save and except antecedent breach thereof, neither the Vendor and the Purchaser shall have any obligations towards each other. As certain conditions to the acquisition had not been fulfilled and/or waived (as the case may be) as at 31 December 2015 and the Vendor and the Purchaser had not agreed on any extension of the Long Stop Date, the acquisition agreement lapsed on 1 January 2016.

The Board considered that the lapse of the acquisition agreement did not have any material impact on the business, operation and financial position of the Group.

Details for the above transaction were published in the Company's announcements dated 22 January 2015 and 1 January 2016.

* *The English translation is for identification purpose only*

MAJOR AND CONNECTED TRANSACTION

On 21 December 2015, the Board announced that Million Treasure Holdings Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with Moonride Holdings Limited (the "Vendor") and the China Public Procurement (Hong Kong) Technology Company (the "Warrantor"), pursuant to which, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the 50,000 ordinary shares of nominal value US$1.00 each in the issued share capital of the Pioneer Spot Limited (the "Target Company", a company wholly-owned by the Vendor) (the "Sale Shares"), representing 100% of the issued share capital of the Target Company, at the consideration of HK$1,250,551,063, which shall be subject to adjustments in accordance with the terms of the acquisition agreement. The Consideration of HK$1,250,551,063 comprises: (a) the first consideration of HK$625,275,531.5 (which shall be satisfied by the Purchaser procuring the Company to (i) pay to the Vendor the deposit of HK$30,000,000 by cashier's order within 30 business days after the date of the acquisition agreement; and (ii) allot and issue the first consideration shares at the issue price of HK$0.242 per Share to the Vendor) upon Completion; (b) the second consideration of HK$312,637,765.75 (which shall be satisfied by the Purchaser procuring the Company to allot and issue the second consideration shares and the first consideration convertible bonds with a principal amount of not exceeding HK$44,662,538); and (c) the third consideration of HK$312,637,765.75 (which shall be satisfied by the Purchaser procuring the Company to allot and issue the second consideration convertible bonds with a principal amount of not exceeding HK$312,637,765.75), subject to adjustments in accordance with the terms of the acquisition agreement.

The consideration shares and the conversion shares (upon exercise of the conversion rights attached to the convertible bonds) will be allotted and issued pursuant to the specific mandate to be sought from the independent shareholders at a special general meeting of the Company to be convened and held.

MAJOR TRANSACTION

On 31 March 2014, the Board announces that a memorandum of understanding was entered into between a wholly-owned subsidiary of the Company as purchaser and Glorious Assets Limited and Treasure Ace Holdings Limited as vendors in relation to the proposed acquisition of the entire issued share capital of Hero Circle Limited. Save for the clause on exclusivity, confidentiality, the term and the governing law of the Memorandum of Understanding, the Memorandum of Understanding was not legally binding on the parties thereto. After signing of the memorandum of understanding, the parties thereto shall enter into good faith negotiation for the formal legally-binding sale and purchase agreement relating to the proposed acquisition and other matters relating to the proposed acquisition, and the provisions of the memorandum of understanding shall form the basis for the preparation of the formal agreement.

On 19 May 2014, the Board announced that Ever Vigor Investments Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with the vendors, Glorious Assets Limited and Treasure Ace Holdings Limited, and the guarantors, Mr. Zhang Junwan and Mr. Jin Jingxuan, pursuant to which Ever Vigor Investments Limited conditionally agreed to purchase and the Glorious Assets Limited and Treasure Ace Holdings Limited conditionally agreed to sell the sale shares, which represent the entire issued share capital of Hero Circle Limited at the consideration of HK$266.7 million.

Pursuant to the acquisition agreement, the Company will issue the consideration shares and (where applicable) the preferred shares to Glorious Assets Limited and Treasure Ace Holdings Limited. The Company will seek the grant of a specific mandate from the Shareholders at the special general meeting to allot and issue the consideration shares and the conversion shares upon the conversion of the preferred shares in satisfaction of its obligation under the acquisition agreement.

If any of the conditions precedent for completion of the acquisition ("Closing Conditions") were not fulfilled (or, where applicable, waived by Ever Vigor Investments Limited) on or before 31 December 2014 ("Long Stop Date") (or such later date as Glorious Assets Limited and Treasure Ace Holdings Limited and the Purchaser may agree in writing), the acquisition agreement shall cease to have any effect and neither party shall have any obligations towards each other.

Additional time was required by the Group to conduct due diligence on Hero Circle Limited, China Coal Technology Limited, a wholly-foreign owned enterprises in the PRC to be established by a Hong Kong Co, 北京信達瑞博投資管理有限公司 (Beijing Shumn Da Ruibo Investment Management Limited*) and 中煤遠大（北京）電子商務股份有限公司 (China Coal Yuanda (Beijing) e-commerce Co., Limited*). As such, on 31 December 2014, the Purchaser and Glorious Assets Limited and Treasure Ace Holdings Limited agreed in writing to extend the Long Stop Date to 30 June 2015 in accordance with the acquisition agreement. The Board considered that such extension of the Long

Stop Date to 30 June 2015 was in the interest of the Company and the Shareholders as a whole. Save and except for the aforesaid extension of the Long Stop Date, all other terms of the acquisition agreement shall remain unchanged and in full force and effect.

In view of the current market conditions, the parties thereto considered it might not be in the best interest for them to proceed with the proposed acquisition. As such, on 3 February 2015 (after trading hours), the parties entered into an agreement to terminate the acquisition agreement with immediate effect, pursuant to which each of the parties thereto agreed to release and discharge each other from their respective obligations and liabilities as set out in the acquisition agreement.

The Board was of the view that the termination of the acquisition agreement would not have any material adverse impact on the business, operation and financial position of the Group.

Details for the above transaction were published in the Company's announcements dated 31 March 2014, 19 May 2014, 10 June 2014, 25 July 2014, 29 August 2014, 30 September 2014, 31 October 2014, 28 November 2014, 31 December 2014 and 3 February 2015.

* *The English translation is for identification purpose only*

DISCLOSEABLE TRANSACTION

On 5 June 2014, the Board announced that an agreement was entered into between Public Procurement Limited, an indirect wholly-owned subsidiary of the Company, 公采網絡科技有限公司 (Gongcai Network Technology Company Limited*) an indirect wholly-owned subsidiary of the Company, China Bulk Commodity Supplies Management Company Limited, Wuzhou Bulk Commodity Technology Company Limited* (五州大宗科技有限公司), a wholly-owned subsidiary of China Bulk Commodity Supplies Management Company Limited and Mr. Jin Jingxuan in relation to the development and implementation of the project. Pursuant to the agreement, Public Procurement Limited, an indirect wholly-owned subsidiary of the Company shall advance HK$100 million to China Bulk Commodity Supplies Management Company Limited for the operation of the project, and in return shall receive service fees to be paid by China Bulk Commodity Supplies Management Company Limited and/or Wuzhou Bulk Commodity Technology Company Limited* to Public Procurement Limited (or a company nominated by Public Procurement Limited) based on the transaction volume under the project arising from the bulk commodity transactions under the project.

The advance of funds to the project constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Details for the above transaction were published in the Company's announcement dated 5 June 2014.

As at the date of the announcement, the advance of funds is being settled and has been agreed to be returned.

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SUBSCRIPTION AND PLACING OF NEW SHARES

(1) On 27 March 2015, the Company entered into a subscription agreement whereby the Company has conditionally agreed to issue and allot a total of 1,000,000,000 new ordinary shares of HK$0.01 each in the capital of the Company (the "Subscription Share(s)") at HK$0.1705 per share to an independent third party (the "Subscription").

The Directors are of the view that the subscription agreement represents a good opportunity to raise additional funds for the Group's working capital purpose and at the same time strengthen its capital base and financial position.

The Directors (including the independent non-executive Directors) considers the terms and conditions of the subscription agreement to be fair and reasonable, on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

The closing price per ordinary share as quoted on the Stock Exchange on 27 March 2015, being the date of the subscriptions agreement was HK$0.213. The net price for each subscriptions share was approximately HK$0.1705.

The Subscription was completed on 29 May 2015. An aggregate of 1,000,000,000 Subscription Shares has been successfully subscribed by the Subscriber at a price of HK$0.1705 per Subscription Share, raising gross proceeds and net proceeds of HK$170.5 million and HK$161.4 million respectively. The net proceeds from the Subscription would be used for general working capital of the Group.

Details of the above Subscription were published in the Company's announcements dated 27 March 2015 and 29 May 2015.

(2) On 12 June 2015, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited, pursuant to which the Company conditionally agreed to place, through Changjiang Securities Brokerage (HK) Limited, up to a maximum of 2,624,670,080 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent placees at a price of HK$0.260 per placing share (the "Placing 1"). The Board considered that the Placing 1 would further strengthen the capital base and financial position of the Group.

The closing price per ordinary share as quoted on the Stock Exchange on 12 June 2015, being the date of the placing agreement was HK$0.320. The net price for each placing share was approximately HK$0.259.

The Placing 1 was terminated on 31 July 2015 due to market conditions. The Directors believe that the termination of the Placing 1 contemplated thereunder has no material adverse impact on the financial position and operations of the Company.

Details of the above transaction were published in the Company's announcement dated 12 June 2015 and 31 July 2015.

(3) On 21 December 2015, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited, pursuant to which the Company conditionally agreed to place up to 700,000,000 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent places at a price of HK$0.22 per placing share (the "Placing 2"). The Board considered that the Placing 2 would further strengthen the capital base and financial position of the Group.

The closing price per ordinary share as quoted on the Stock Exchange on 21 December 2015, being the date of the placing agreement was HK$0.2420. The Placing 2 was completed on 20 January 2016. An aggregate of 50,000,000 placing shares has been successfully placed by one placee, China Chuanglian Education Group Limited, at a price of HK$0.22 per placing share, raising gross proceeds and net proceeds of HK$11 million and HK$10.89 million respectively. The net proceeds from the Placing 2 would be used for general working capital of the Group.

Details of the above Placing 2 were published in the Company's announcements dated 21 December 2015 and 20 January 2016.

The equity fund raising activities conducted by the Company as at the date of the announcement are set out below:

Date of announcements	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds	*HK$*	*percentages*
27 March 2015 and 29 May 2015	Subscription of 1,000,000,000 new Shares under the General Mandate	HK$161.4 million	For general working capital of the Group	Payment for trading and business operation	43.6 million	27%
				Administration expenses	55.4 million	34.3%
				Remaining cash	62.4 million	38.7%
21 December 2015 and 20 January 2016	Placing of 50,000,000 new ordinary shares under general mandate	HK$10.89 million	For general working capital of the Group	Payment for business development	HK$10.89 million	100%

The total number of issued shares of the Company as at 31 December 2015 was 13,288,027,823 ordinary shares.

Save as disclosed above, the Company did not redeem any of its securities during the year and neither the Company nor any of its subsidiaries purchased or sold any of the Company's securities during the year.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference based on terms no less exacting than the required standard in the corporate governance code (the "CG Code") as set out in Appendix 14 of the Listing Rules. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin and Mr. Deng Xiang, who are all the independent non-executive directors of the Company.

The Audit Committee has reviewed with the management and independent auditors the audited consolidated annual results of the Group for the year ended 31 December 2015.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference based on terms no less exacting than the required standard in the CG Code as set out in Appendix 14 of the Listing Rules. As at the date of this announcement, the Remuneration Committee comprises three members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji, who are all the independent non-executive directors of the Company. The major responsibility of Remuneration Committee is to review and determine the remuneration policy and other remuneration related matters of the directors and the senior management of the Group.

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference based on terms no less exacting than the required standard in the CG Code as set out in Appendix 14 of the Listing Rules. As at the date of this announcement, the Nomination Committee comprises five members, including two executive directors of the Company, namely Mr. Cheng Yuanzhong as the Chairman, Mr. Ho Wai Kong and three independent non-executive directors of the Company, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji. The major responsibility of Nomination Committee is to make recommendations to the board of the Company regarding candidates to fill vacancies of the Board.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, the Company issued a total of 1,254,297,043 fully paid ordinary shares as follows:

1) issuance of 54,619,624 new ordinary shares upon conversion of preferred shares;

2) issuance of 1,000,000,000 new ordinary shares at a price of HK$0.1705 per share under subscription;

3) issuance of 149,677,419 new ordinary shares at a price of HK$0.155 per share under loan capitalization agreement dated 3 August 2015; and

4) issuance of 50,000,000 new ordinary shares at a price of HK$0.22 per share under placing.

The total number of issued share capital of the Company as at 31 December 2015 was 13,288,027,823 ordinary shares.

Save as disclosed above, the Company did not redeem any of its securities during the year and neither the Company nor any of its subsidiaries purchased or sold any of the Company's securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the CG Code as set out in Appendix 14 of the Listing Rules, which provides code provisions (the "Code Provision(s)") and recommended best practices for corporate governance practices by listed companies. The Company considered that its prevailing structures and systems satisfied the requirements of the Code Provisions. The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards to be put in place by reference to the recommended best practices whenever suitable and appropriate. The Company has complied throughout the year with the CG Code.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Cheng Yuanzhong
Chairman

Hong Kong, 31 March 2016

At the date of this announcement, the Board comprises five executive Directors, namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Zheng Jinwei (Chief Executive), Mr. Wong Wei Kit and Ms. He Qian; five non-executive Directors, namely Mr. Wang

Ning, Mr. Chen Limin, Mr. Yue Yifeng, Ms. Liu Lizhen, and Mr. Hu Wei; and five independent non-executive Directors, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Shen Shaoji, Mr. Deng Xiang and Ms. Wong Yan Ki, Angel.

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