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 2012

The board of directors (the "Board") of China Public Procurement Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	NOTES	**2012** *HK$'000*	2011 *HK$'000* (Restated)
Revenue	*3*	**277,123**	5,353
Cost of sales		**(277,155)**	(5,106)
Gross (loss) profit		**(32)**	247
Other income	*4*	**132,106**	23,728
Gain on disposal of a subsidiary		**2,109**	—
Share of loss of an associate		**(3,547)**	—
Administrative expenses		**(119,275)**	(44,838)
Finance costs	*5*	**—**	—
Profit (loss) before tax		**11,361**	(20,863)
Income tax expense	*6*	**(28,231)**	(3,442)
Loss for the year	*7*	**(16,870)**	(24,305)
Loss for the year attributable to:			
Owners of the Company		**(14,575)**	(23,438)
Non-controlling interests		**(2,295)**	(867)
		(16,870)	(24,305)
Loss per share	*9*		
— Basic and diluted		**HK(0.16) cents**	HK(0.71) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(16,870)**	(24,305)
Other comprehensive income		
Exchange differences on translating foreign operations	**7,860**	49,761
Total comprehensive (expenses) income for the year	**(9,010)**	25,456
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(6,355)**	26,171
Non-controlling interests	**(2,655)**	(715)
	(9,010)	25,456

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	NOTES	31 December 2012 HK$'000	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
Non-current assets				
Plant and equipment	*10*	**10,999**	10,954	8,875
Goodwill	*11*	**1,362,223**	1,344,234	1,296,241
Intangible assets		**103,825**	18,426	17,729
Interest in an associate		**1,715**	—	—
Prepayment for property, plant and equipment		**150,295**	—	—
Prepayment for intangible assets		**11,842**	11,790	—
Deposit paid for potential acquisition of a subsidiary		**19,000**	—	—
Deferred tax asset		**890**	—	—
		1,660,789	1,385,404	1,322,845
Current assets				
Trade and other receivables	*12*	**100,337**	289,604	428,413
Amount due from the immediate holding company		**—**	9,774	3,610
Pledged bank deposits		**—**	—	7,062
Bank balances and cash	*13*	**113,670**	97,033	48,771
		214,007	396,411	487,856
Current liabilities				
Trade and bills payables		**—**	—	7,126
Accruals and other payables	*14*	**51,881**	26,302	24,657
Consideration payable		**—**	5,476,662	5,476,662
Amount due to the immediate holding company		**1,839**	52,135	40,000
Amount due to a related company		**—**	2,724	11,429
Tax payable		**39,893**	10,653	66,609
Secured bank loan	*15*	**6,570**	—	—
		100,183	5,568,476	5,626,483
Net current assets (liabilities)		**113,824**	(5,172,065)	(5,138,627)
Total assets less current liabilities		**1,774,613**	(3,786,661)	(3,815,782)
Non-current liabilities				
Secured bank loan	*15*	**57,489**	—	—
Deferred tax liability		**6,753**	—	—
		64,242	—	—
		1,710,371	(3,786,661)	(3,815,782)
Capital and reserves				
Share capital	*16*	**33,163**	33,163	33,163
Convertible preference shares		**80,539**	—	—
Reserves		**1,581,093**	(3,827,053)	(3,853,224)
Equity attributable to owners of the Company		**1,694,795**	(3,793,890)	(3,820,061)
Non-controlling interests		**15,576**	7,229	4,279
		1,710,371	(3,786,661)	(3,815,782)

Notes:

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to Hong Kong Accounting Standard ("HKAS") 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

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

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

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013). HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The application of the other new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(International Financial Reporting Interpretation Committee) — Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012

Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

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

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

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

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

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

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

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

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

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

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) — Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

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

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

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

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

The directors of the Company anticipate that the application of these five standards will not have significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group.

HKFRS 13 Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard has no affect on the amounts currently reported on the consolidated financial statements as the Group does not have assets/liabilities that were measured at fair value.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. PRIOR YEAR ADJUSTMENTS

In preparing the consolidated financial statements of the Group for the year ended 31 December 2012, the directors of the Company had revisited the facts and circumstances associated with the acquisition of the entire equity interest of Hero Joy International Limited ("Hero Joy") by the Group in April 2009 (the "Acquisition") and identified certain adjustments in recording the Acquisition in previous years' consolidated financial statements. The details are as follows:

i) Measurement of shares consideration;

ii) Timing and measurement of contingent consideration; and

iii) Impairment assessment and retranslation of goodwill

(i) Measurement of shares consideration

According to the terms of the Acquisition, the consideration for the Acquisition consisted of basic consideration in the form of ordinary shares of the Company and contingent consideration in the form of preference shares of the Company. The Company issued 945,635,485 ordinary shares of the Company of HK$0.01 each for settlement of the basic consideration. As stated in the Group's consolidated financial statements for the year ended 31 December 2009, these ordinary shares were valued using the agreed price of HK$0.6667 instead of the fair value of the shares at the date of acquisition. At the completion date of the Acquisition, the market close price of the Company's share was HK$0.68 each and resulted in an increase in share premium of approximately HK$12,577,000 with a corresponding increase in goodwill arising from such acquisition.

(ii) Timing and measurement of the contingent consideration

As part of the consideration for the Acquisition, the Company is required to issue variable number of preference shares of HK$0.01 each if Hero Joy recorded profit after tax and extraordinary expenses for the year ended 31 December 2009 or for the year ended 31 December 2010. As stated in the Group's consolidated financial statements for the year ended 31 December 2009, the directors of the Company considered that the payment of the contingent consideration is not probable. As further previously detailed in the Group's consolidated financial statements for the year ended 31 December 2010, despite that Hero Joy had met the profit target, no contingent consideration was recognised as at 31 December 2010 as the Group received a written consent from the vendors of Hero Joy that the settlement of the contingent consideration will be dependent on the receipt of not less than HK$200 million by Hero Joy.

The Group only recorded the contingent consideration payable during the year ended 31 December 2011 at a consideration of HK$0.6667 per share when the Group received funds of more than HK$200 million.

As the written consent was only received during the year ended 31 December 2011 while the profit trigger had been fulfilled as at 31 December 2010, the contingent consideration had become payable as at 31 December 2010. Thus, the 8,053,914,537 preference shares due to be issued for settlement of the contingent consideration should be recorded as at 31 December 2010. In addition, the preference shares should be measured at its fair value at the completion date of acquisition of Hero Joy.

As a result, prior year adjustments were made to record contingent consideration payable as at 1 January 2011 at HK$0.68 per share being the fair value of shares based on a valuation performed by an independent professional qualified valuer, with a corresponding adjustment to the goodwill of approximately HK$5,476,662,000 as at 1 January 2011.

As the Group had already recorded a contingent consideration payable of approximately HK$5,369,898,000 as at 31 December 2011, the above restatement had resulted in an increase in contingent consideration by approximately HK$107,117,000 and a corresponding increase in goodwill as at 31 December 2011.

(iii) Impairment assessment and retranslation of goodwill

In addition to the above adjustments, in response to the restated gross carrying amount of goodwill as at 31 December 2010 and 2011, the directors of the Company had performed an impairment assessment on the restated amount of goodwill based on a valuation performed by an independent professional qualified valuer as at 31 December 2010 and 2011. Based on the valuation obtained, the directors of the Company considered that an impairment of approximately HK$4,326,683,000 should have been made to the goodwill as at 1 January 2011, with no further impairment on the goodwill as at 31 December 2011. Furthermore, the directors of the Company had also performed retranslation on the carrying amount of goodwill as at 1 January 2011 and 31 December 2011 and resulted in an increase in the translation reserve by approximately HK$133,332,000 and approximately HK$181,325,000 respectively.

The above restatements did not have any material impact on the consolidated income statements of the Group for the year ended 31 December 2011 and 2012.

The effect of the above restatements on the consolidated statement of financial position of the Group as at 1 January 2011 and 31 December 2011 are summarised below:

As at 1 January 2011	**As previously reported**	**Adjustment (i)**	**Adjustment (ii)**	**Adjustment (iii)**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Goodwill	353	12,577	5,476,662	(4,193,351)	1,296,241
Current liabilities					
Consideration payable	—	—	5,476,662	—	5,476,662
Capital and reserves					
Reserves	327,550	12,577	—	(4,193,351)	(3,853,224)
Equity attributable to the owners of the Company	360,713	12,577	—	(4,193,351)	(3,820,061)

As at 31 December 2011	**As previously reported**	**Adjustment (i)**	**Adjustment (ii)**	**Adjustment (iii)**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Goodwill	5,369,898	12,577	107,117	(4,145,358)	1,344,234
Current liabilities					
Consideration payable	5,369,545	—	107,117	—	5,476,662
Capital and reserves					
Reserves	305,728	12,577	—	(4,145,358)	(3,827,053)
Equity attributable to the owners of the Company	338,891	12,577	—	(4,145,358)	(3,793,890)

3. REVENUE AND SEGMENT INFORMATION

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

(1) Public procurement segment engages in the provision of public procurement services to the users of the online platform;

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

(3) Provision of corporate IT solution segment engages in provision of maintenance services to the customers.

* *Trading business segment was previously named as energy trading.*

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 segments.

	Segment revenue		Segment results	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Public procurement	**—**	—	**84,918**	—
Trading business	**276,107**	5,353	**(135)**	247
Provision of corporate IT solution	**1,016**	—	**103**	—
	277,123	5,353	**84,886**	247
Unallocated income			**47,188**	23,728
Unallocated expenses			**(119,275)**	(44,838)
Gain on disposal of a subsidiary			**2,109**	—
Share of loss of an associate			**(3,547)**	—
Finance costs			**—**	—
Profit (loss) before tax			**11,361**	(20,863)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, share of loss of an associate, reversal of impairment loss on other receivables, written off of other receivables and gain on disposal of a subsidiary. This is the measure reported to the chief operating decision maker, the chief executive officer, for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Public procurement *HK$'000*	Trading business *HK$'000*	Provision of corporate IT solution *HK$'000*	Total *HK$'000*
At 31 December 2012				
ASSETS				
Segment assets	**1,668,798**	**1,692**	**42,126**	**1,712,616**
Unallocated corporate assets				**162,180**
Total assets				**1,874,796**
LIABILITIES				
Segment liabilities	**78,749**	**8,566**	**778**	**88,093**
Unallocated corporate liabilities				**76,332**
Total liabilities				**164,425**

	Public procurement *HK$'000* (restated)	Trading business *HK$'000*	Provision of corporate IT solution *HK$'000*	Total *HK$'000*
At 31 December 2011				
ASSETS				
Segment assets	1,387,767	6,260	—	1,394,027
Unallocated corporate assets				387,788
Total assets				1,781,815
LIABILITIES				
Segment liabilities	5,478,870	78	—	5,478,948
Unallocated corporate liabilities				89,528
Total liabilities				5,568,476

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, plant and equipment, deferred tax asset, other receivables, amount due from the immediate holding company, and bank balances and cash as these assets are managed on a group basis.
- all liabilities are allocated to operating segments other than certain accruals and other payables, tax payable, amounts due to the immediate holding company and a related company and deferred tax liability as these liabilities are managed on a group basis.

(c) Geographical information

The Group operates in a principal geographical area — the People's Republic of China (the "PRC").

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 customer		Carrying amounts of non-current assets *(Note)*	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)
PRC	**277,123**	5,353	**1,636,748**	1,379,073
Hong Kong	**—**	—	**4,151**	6,331
	277,123	5,353	**1,640,899**	1,385,404

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

(d) Information about major customers

Revenue from customers of the Group's trading business of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
— Customer A	**242,100**	—
— Customer B	**—**	5,353

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Income from transfer of Energy Management Contracting ("EMC") framework agreements	**43,861**	21,600
License fee income	**84,918**	—
Reversal of impairment of other receivables for previous year	**—**	2,036
Consultancy income	**367**	—
Bank interest income	**714**	31
Interest income *(Note)*	**2,049**	—
Sundry income	**197**	61
	132,106	23,728

Note: During the year ended 31 December 2012, interest income of approximately HK$2,049,000 (2011: nil) represented interest charged to an independent third party for the late settlement of other receivables.

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loan not wholly repayable within five years	**1,234**	—
Less: Amount capitalised	**(1,234)**	—
	—	—

6. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax ("HK Profits Tax")	**—**	3,442
PRC Enterprise Income Tax ("EIT")	**29,949**	—
Over-provision in prior years — HK Profits Tax	**(831)**	—
	29,118	3,442
Deferred taxation	**(887)**	—
	28,231	3,442

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

HK Profits Tax is calculated at 16.5% of the estimated assessable profit for year ended 31 December 2011.

No provision for HK Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to HK Profits Tax for the year ended 31 December 2012.

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. LOSS FOR THE YEAR

Loss for the year has arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Staff costs		
— Directors' emoluments	**26,307**	9,185
— Other staff costs	**10,121**	6,067
— Retirement scheme contributions	**1,277**	537
— Equity-settled share-based payment expenses	**5,821**	—
Total staff costs	**43,526**	15,789
Auditor's remuneration	**1,948**	800
Written off of other receivables	**1,136**	—
Written off of plant and equipment	**1**	—
Cost of inventories recognised as expense	**276,242**	5,106
Depreciation of plant and equipment	**3,619**	4,097
Amortisation of intangible assets	**838**	10
Minimum lease payments under operating lease charges	**9,295**	8,300

8. DIVIDENDS

No dividend was paid or proposed during both years ended 31 December 2012 and 2011, nor has any dividend been proposed since the end of the reporting period.

9. 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:

	2012	2011
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of basic and diluted loss per share	**(14,575)**	(23,438)

Number of shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares and preference shares for the purpose of basic and diluted loss per share	**9,274,023**	3,316,332

Trading in the shares of the Company was suspended since 5 July 2010 and no information of the average market price per share for the year is available. As the exercise price of the outstanding share options is higher than the market price for shares immediately before the suspension of trading in the Company's shares, the computations of diluted loss per share for the year ended 31 December 2012 and 2011 do not assume the exercise of the Company's outstanding share options.

The computation of diluted loss per share for the year ended 31 December 2012 and 2011 did not assume the issuance of preference shares as such issuance would result in a dilution in loss per share.

10. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
COST				
At 1 January 2011	5,176	4,574	4,158	13,908
Additions	108	5,881	—	5,989
Exchange realignment	167	29	96	292
At 31 December 2011 and 1 January 2012	5,451	10,484	4,254	20,189
Additions	2,114	—	68	2,182
Written-off	(2)	—	—	(2)
Acquired on acquisition of a subsidiary	1,458	—	—	1,458
Derecognised on disposal of a subsidiary	(4)	—	—	(4)
Exchange realignment	36	6	—	42
At 31 December 2012	9,053	10,490	4,322	23,865
ACCUMULATED DEPRECIATION				
At 1 January 2011	1,093	2,198	1,742	5,033
Charge for the year	1,019	1,795	1,283	4,097
Exchange realignment	44	4	57	105
At 31 December 2011 and 1 January 2012	2,156	3,997	3,082	9,235
Charge for the year	1,246	2,006	367	3,619
Eliminated on written off	(1)	—	—	(1)
Eliminated on disposal of a subsidiary	(1)	—	—	(1)
Exchange realignment	13	1	—	14
At 31 December 2012	3,413	6,004	3,449	12,866
CARRYING VALUES				
At 31 December 2012	5,640	4,486	873	10,999
At 31 December 2011	3,295	6,487	1,172	10,954

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and equipment	20%
Motor vehicles	20%
Leasehold improvements	Over the term of the lease or 25%, whichever is the shorter

11. GOODWILL

	HK$'000
COST	
At 1 January 2011, as originally reported	744,828
Prior year adjustment *(Note 2)*	5,731,666
At 1 January 2011, as restated	6,476,494
Exchange realignment	239,841
At 31 December 2011 and 1 January 2012	6,716,335
Exchange realignment	36,059
Arising on acquisition of a subsidiary	11,157
Eliminated on disposal of a subsidiary	(353)
At 31 December 2012	6,763,198
ACCUMULATED IMPAIRMENT	
At 1 January 2011, as originally reported	744,475
Prior year adjustment *(Note 2)*	4,435,778
At 1 January 2011, as restated	5,180,253
Exchange realignment	191,848
At 31 December 2011 and 1 January 2012	5,372,101
Exchange realignment	28,874
At 31 December 2012	5,400,975
CARRYING VALUES	
At 31 December 2012	1,362,223
At 31 December 2011	1,344,234

Goodwill acquired through business combination was allocated to the Group's cash generating units ("CGU") of provision of corporate IT solution and public procurement for impairment testing.

The carrying amount of goodwill (net of accumulated impairment) attributable to the CGU of provision of corporate IT solution and CGU of public procurement amounted to approximately HK$11,120,000 (2011: nil) and approximately HK$1,351,103,000 (2011: HK$1,344,234,000) respectively.

The basis of the recoverable amount of the CGUs and the major underlying assumptions are summarised below:

Provision of corporate IT solution

The recoverable amount of this CGU has been determined on the basis of value-in-use calculation with reference to a valuation performed by an independent qualified professional valuers not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5 years period and discount rate of 18.95%. Cash flow beyond the 5 years period has been extrapolated using a steady 3% growth rate. This growth rate is based on industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The directors of the Company were of the opinion that the recoverable amount exceeded its respective carrying amount as at 31 December 2012, and no impairment loss of goodwill was necessary.

Public procurement

The recoverable amount of this CGU has been determined on the basis of value-in-use calculation with reference to a valuation preformed by an independent qualified professional valuers not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5 years period and discount rate of 21%. Cash flow beyond the 5 years period has been capitalised using a steady 4% growth rate. This growth rate is based on expected economic forecast on inflation. The directors of the Company were of the opinion that the recoverable amount exceeded its respective carrying amount as at 31 December 2012, and no impairment loss of goodwill was necessary.

12. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**1,748**	2,584
Prepayments	**5,420**	6,167
Fee receivable for transfer of EMC framework agreements	**—**	270,800
Deposits and other receivables	**93,169**	10,053
	100,337	289,604

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. The following is an aged analysis of the Group's trade receivables presented based on the invoice date which approximated to revenue recognition date, at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**629**	—
91 days to 180 days	**648**	—
181 days to 365 days	**283**	1,565
Over 365 days	**188**	1,019
	1,748	2,584

At the end of the reporting period, included in the Group's trade receivable balance were debtors with aggregate carrying amount of approximately HK$1,119,000 (2011: HK$2,584,000) which were past due as at the reporting date.

The aging analysis of trade receivables that were past due but not impaired is as follow:

	2012	2011
	HK$'000	*HK$'000*
91 days to 180 days	**648**	—
181 days to 365 days	**283**	1,565
Over 365 days	**188**	1,019
	1,119	2,584

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

13. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that are interest-bearing at prevailing market interest rates ranging from 0.01% to 1.8% (2011: 0.01% to 0.5%) per annum and have original maturity of three months or less.

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferable.

	2012	2011
	HK$'000	*HK$'000*
Amount denominated in:		
USD	**7,677**	2,487
RMB	**74,870**	7,880
	82,547	10,367

14. ACCRUALS AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Accruals	**261**	830
Other payables	**39,840**	25,472
Other payables for acquisition of intangible assets	**11,780**	—
	51,881	26,302

15. SECURED BANK LOAN

	2012	2011
	HK$'000	*HK$'000*
Secured	**64,059**	—
Carrying amount repayable:		
Within one year	**6,570**	—
More than one year but not exceeding two years	**6,570**	—
More than two years but not exceeding five years	**19,710**	—
More than five years	**31,209**	—
	64,059	—
Less: Amounts due within one year shown under current liabilities	**(6,570)**	—
Amount shown under non-current liabilities	**57,489**	—

The Group's bank loan are interest-bearing at variable-rate. The effective interest rate per annum on the Group's bank loan at the end of the reporting period is as follows:

	2012	2011
Variable-rate bank loan	**6.88%**	N/A

The bank loan is denominated in RMB.

The secured bank loan is secured by the prepayment for property, plant and equipment and guaranteed by Wuhan Optics Valley Union Company Limited, an independent third party of the Group.

16. SHARE CAPITAL

	Number of shares	**Nominal value of ordinary shares**
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2011, 31 December 2011 and 1 January 2012	10,000,000	100,000
Increase in authorised capital *(Note)*	10,000,000	100,000
At 31 December 2012	20,000,000	200,000
Issued and fully paid:		
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	3,316,332	33,163

Note: Pursuant to a board resolution dated 28 June 2012, the authorised share capital of the Company was increased from HK$100,000,000 to HK$200,000,000 by the creation of an additional of 10,000,000,000 shares of HK$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the twelve months ended 31 December 2012, the Company picked up a stable pace of growth in its business. Turnover in 2012 amounted to approximately HK$277,123,000 (2011: HK$5,353,000), marking a substantial rise. Profit before taxation achieved a turnaround from loss to profit, with profit before taxation amounting to approximately HK$11,361,000 (2011: loss before taxation HK$20,863,000), representing an increase of 154%, mainly from the EMC business and the income represented by the royalty fees received for the professional services in relation to the electronic transaction platform on the China Public Procurement Online Platform (中國公共採購網) (the "Platform").

In addition, during the fourth quarter of 2012, the Company entered into cooperation agreements with numerous enterprises to develop, in cooperation, third party professional services in relation to the electronic transaction platform on the Platform, including (i) legal authentication services of the suppliers; (ii) third party electronic payment services; and (iii) the metals trading platform.

During the year, profit attributable to shareholders of the Group was a loss of HK$0.16 cents per share (2011: HK$0.71 cents per share). The Board recommends that no dividend will be paid for the year ended 31 December 2012.

In summary, 2012 was a year in which we achieved solid development in our business, with a turnaround from loss to profit in the annual results before taxation.

Establishment of Electronic Public Procurement Platforms

During the period under review, the Company was authorised by 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) (the "PRC Partner") to enter into cooperation agreements with the procurement centres of the local governments in Nanhai, Qinghai, Hainan, Hebei, Hubei, Shenyang, Chongqing and Jining successively, under which we will establish electronic public procurement platforms and provide technical support for them. The Company will help to provide the necessary software and hardware for the improvement and establishment of the electronic public procurement platforms as well as their connections to the Platform, and to provide professional services, for which the PRC Partner may charge a service fee in accordance with the government regulations in the PRC, in relation to the establishment of the electronic public procurement service system, including, among others, procurement transaction services, digital certification services, credit search services, supply chain management services, financial services, insurance agency services and training and conference services.

Global Public Procurement Forum

Furthermore, in November 2012, the Company had facilitated the Global Public Procurement (Wuhan • China) Forum and Sourcing Fair 2012 in Wuhan, which was organised by China Federation of Logistics and Purchasing, People's Government of Hubei Province and Wuhan Municipal People's Government, under the guidance of Ministry of Commerce and the Development Research Centre of the State Council. Over a thousand of guests, including procurement officials of the government, investment institutes, professionals, scholars and suppliers from the US, the EU, Canada, the PRC, Taiwan and Hong Kong, were present at the Forum.

Several agreements, a letter of intent and a memorandum of understanding were signed by the Company with procurement centres and official institutes from different countries at the Forum.

Acquisition of Headquarter Building

On 4 July 2012, the Company entered into a sale and purchase agreement with Wuhan Optics Valley Union Company Limited* (武漢光谷聯合股份有限公司) (the "Vendor"), a company established in the PRC with limited liability and is a third party independent of and not connected to the Company and its connected person, to acquire, at a consideration of approximately HK$165,667,000 (equivalent to RMB135,000,000), a building comprising 11 floors located at Block B6, Phase II, Optics Valley Financial Harbour, No. 77 Optics Valley Road, Donghu New Technology Development Zone, Wuhan, the PRC (the "Building") and its basement (the "Basement"), as the operating headquarter of the Group in the PRC, which will serve as the base from which we establish our public procurement business in Wuhan where the electronic public procurement transaction platform and other third party services, including (among others) data centre services, will be provided.

Professional service contracts

During the period, the Company entered into cooperation agreements with a number of enterprises to develop, in cooperation, professional third party services in relation to the Platform. Due to the Company's ownership of the operating rights of certain services in the PRC, these cooperation agreements resulted in royalty income for the Company. The scope of services covers:

On 26 November 2012, 公採網絡有限公司 (Gongcai Network Technology Company Limited) (the "CPP subsidiary"), the PRC Partner and 深圳天天付科技有限公司 (Shenzhen Tiantianfu Technology Limited) ("Shenzhen Tiantianfu") entered into a service development agreement, pursuant to which Shenzhen Tiantianfu was authorised to develop and operate the third party payment services in relation to the electronic public procurement platform of the Platform at a consideration of RMB30,000,000. Shenzhen Tiantianfu was contractually stipulated to (i) provide payment services for users of the Platform; (ii) provide the interface and upgrade services for the payment system of the Platform; (iii) provide online payment routing services to the commercial banks of the PRC; and (iv) provide services relating to the access software of the platform for users of the Platform.

Meanwhile, on 27 November 2012, the CPP subsidiary, the PRC Partner and Harbin Huaqiang entered into an authentication services cooperation agreement to establish a joint venture company which will be authorised to develop and operate the authentication services in relation to the electronic public procurement platform of the Platform. The consideration received by the Company was RMB30,000,000. The joint venture company will be responsible for (i) through its provision of authentication services, gathering and collating the suppliers' information such as their qualifications, capabilities, credibility, lawfulness and reputation, building a database for such information and establishing standards for its authentication and credit search services; and (ii) cooperating with a qualified law firm to issue legal authentication and credit search reports.

PROSPECTS

Apart from focusing on the development of the PRC market, the Group will actively explore opportunities of mergers and acquisitions to expand into the international public procurement market.

In the future, the Group will adopt the mode of progressive development by both internal growth and mergers and acquisitions aiming to become the leader of the electronic public procurement industry in China. The Group will grasp the business opportunities arising from the active pursuit of a resource-conserving society as envisioned by the PRC government, striving to expand its EMC business in order to create value for the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group maintained cash, fixed deposits and bank balances of approximately HK$113,670,000 (2011: HK$97,033,000) with a secured bank loan of approximately HK$64,059,000 (2011: nil). As at 31 December 2012, the Group's working capital and current ratio were net current assets of approximately HK$113,824,000 (2011: net current liabilities of HK$5,172,065,000) and 2.14x (31 December 2011: 0.07x) respectively. In April 2012, the Company had completed the exercise of issuing corresponding preferred shares, which had cleared up the debt effects of this consideration payable. When the consideration payable is excluded, the existing available cash and bank balances are considered sufficient for the Group's operating requirements.

GEARING RATIOS

As at 31 December 2012, the Group's gearing ratios, calculated as total liabilities divided by total assets was 8.77% (31 December 2011: 94.04%).

PLEDGE OF ASSETS

As at 31 December 2012, certain interests in leasehold land and buildings with a net carrying amount of HK$150,295,000 (31 December 2011: nil) were pledged to secure specific banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2012, the Company had no contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group has limited exposure to fluctuation in foreign currencies as most of its transactions are denominated in Hong Kong dollars, US dollars and Renminbi. Exchange rates among those currencies were relatively stable during the year under review. The Group has not entered into any foreign currency forward exchange contract for the purpose of hedging against foreign exchange risks involved in the Group's operations.

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 2012, the Group employed approximately 116 employees and the total remuneration of the employees (including directors) was approximately HK$43,526,000 (2011: HK$15,789,000). 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.

ADMINISTRATIVE EXPENSES

During the year, there was a large increase on administrative expenses from HK$44,838,000 (2011) to HK$119,275,000 in 2012. Administrative expenses represent staff salary, office rental, professional fees, conferences event etc incurred by the Company for the smooth running of the Company. Out of which, over HK$41,037,000 (2011: HK$3,250,000) was legal and professional fees, non-cash amortization cost for share option scheme HK$18,378,000 (2011: nil), and staff salary and benefit costs HK$25,148,000 (2011: HK$15,789,000).

CONNECTED TRANSACTION

(1) On 21 December 2010, Public Procurement Limited (the "Subsidiary") and the transferee, an independent third party (the "Transferee"), entered into the disposal agreement in relation to the transfer of the ownership of the right and obligations under certain energy performance contracting projects （合同能源管理項目） that the PRC Partner entered into with government entities in certain provinces in the PRC (the "EMC Projects") (the "Disposal Agreement"), pursuant to which the Transferee should pay HK$400 million to the Subsidiary by installments provided that such amount should be fully paid by 31 December 2011.

On 23 December 2010, the PRC Partner, 國采（北京）技術有限公司 (Guocai (Beijing) Technology Company Limited*) (the "EJV") and the Subsidiary entered into a tri-party cooperation agreement pursuant to which the PRC Partner agreed to transfer the ownership of the EMC Projects to the EJV which shall simultaneously transfer such ownership to the Subsidiary (the "Tri-Party Cooperation Agreement"). Pursuant to the Tri-Party Cooperation Agreement, the Subsidiary agreed that it would pay a service fee to the PRC Partner, being 10% of the disposal consideration when it transferred ownership of the EMC Projects to another party. As the ownership of the EMC Projects was transferred to a third party pursuant to the Disposal Agreement, the Subsidiary would pay HK$40 million (being 10% of the disposal consideration of HK$400 million as set out in the Disposal Agreement) to the PRC Partner as service fee (the "Transaction").

The PRC Partner is a connected person of the Company under Rule 14A.11(1) of the Listing Rules by virtue of the fact that it is a substantial shareholder of the EJV, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 29 December 2011, it was announced that HK$120 million had been received in aggregate from the Transferee and on 29 December 2011, the Subsidiary and the Transferee entered into a supplemental agreement to the Disposal Agreement (the "Disposal Supplemental Agreement"), agreeing that the remaining balance of the total consideration of HK$280 million shall be settled as to HK$240 million by 22 January 2012 and as to HK$40 million by 30 June 2012.

On 26 January 2012, it was announced that, as at 30 December 2011, HK$20 million out of the remaining balance of the total consideration were received in aggregate from the Transferee and as at 26 January 2012, HK$140 million in aggregate had been received from the Transferee. On 20 January 2012, the Subsidiary and the Transferee entered into another supplemental agreement to the Disposal Agreement (the "Second Disposal Supplemental Agreement"), pursuant to which the remaining balance of the HK$220 million to be settled by 22 January 2012 pursuant to the Disposal Supplemental Agreement should be settled by 31 March 2012 and HK$40 million by 30 June 2012. Pursuant to the Second Disposal Supplemental Agreement, the Transferee also agreed to pay to the Subsidiary, starting from 23 January 2012, interest at the rate of 5% per annum which shall be calculated on a daily basis in respect of the outstanding balance of the

HK$220 million payable to the Subsidiary until such amount was settled in full. Pursuant to the Second Disposal Supplemental Agreement, the aggregate amount of such interest shall be fully paid on or before 31 March 2012.

On 2 April 2012, it was announced that HK$220 million of the remaining balance of the total consideration and approximately HK$2,049,315 (being interest in respect of the outstanding balance of the HK$220 million payable to the Subsidiary) were received from the Transferee. As at 2 April 2012, HK$360 million in aggregate of the total consideration had been received from the Transferee.

On 10 July 2012, it was announced that HK$3.8 million of the remaining balance of the total consideration were received from the Transferee. As at 10 July 2012, HK$363.8 million in aggregate had been received from the Transferee and the outstanding balance of the total consideration payable by the Transferee was HK$36.2 million. On 10 July 2012, the Subsidiary and the Transferee entered into another supplemental agreement to the Disposal Agreement (the "Third Disposal Supplemental Agreement") and agreed that HK$40 million of the total consideration, which were to be settled by 30 June 2012 pursuant to the Second Disposal Supplemental Agreement, shall be settled by 31 December 2012. Pursuant to the Third Disposal Supplemental Agreement, the Transferee also agreed to pay to the Subsidiary, starting from 1 July 2012, interest at the rate of 3% per annum which shall be calculated on a daily basis in respect of the outstanding balance of the HK$40 million payable to the Subsidiary until such amount was settled in full. Pursuant to the Third Disposal Supplemental Agreement, the aggregate amount of such interest shall be fully paid on or before 31 December 2012.

On 25 October 2012, it was announced that HK$36.2 million of the remaining balance of the total consideration, together with the interest payable by the Transferee in accordance with the Third Disposal Supplemental Agreement amounting to approximately HK$363,000 in total, were received from the Transferee. As at 25 October 2012, the full amount of the total consideration of HK$400 million had been received from the Transferee.

Details of the above transactions were published in the Company's announcements dated 25 November 2010, 9 March 2011, 28 April 2011, 16 June 2011, 28 July 2011, 29 December 2011, 26 January 2012, 2 April 2012, 10 July 2012 and 25 October 2012 and the Company's circular dated 24 August 2011.

(2) China Public Procurement (Hong Kong) Technology Co., Ltd. (the "PRC Partner Subsidiary"), the Subsidiary and the transferee, which is an independent third party, on 15 June 2011, entered into the project agreement in relation to the transfer of the rights and obligations under an energy performance contracting project (合同能源管理項目) in Wuhan (the "Project Agreement") the PRC Partner had entered into with the government entity in Wuhan, the PRC. Pursuant to the Project Agreement, certain amount of the consideration to be paid by the transferee would be received by the PRC Partner Subsidiary and in turn be paid to the Subsidiary (the "Wuhan Transaction").

In accordance with the Project Agreement, the consideration should be paid in two installments. The first installment, comprising 60% of the consideration of a total amount of HK$18 million, including HK$6 million as consultancy fee and HK$12 million as the consideration, should be paid by the transferee to a consultancy company and the PRC Partner Subsidiary or any account it may direct respectively on or before 25 July 2011. The second installment, comprising 40% of the consideration of a total amount of HK$12 million, should be paid by the transferee to the

PRC Partner Subsidiary or any account it may direct, within one month upon completion of the implementation of the EMC Project and relevant testing on the trial section of the highway in Wuhan, the PRC.

As at 29 December 2011, the first installment had been settled by the transferee. Since the implementation of the EMC Project and relevant testing on the trial section of the highway in Wuhan, the PRC was completed on 20 December 2011, the second installment should be settled by the transferee by 20 January 2012 in accordance with the Project Agreement. As the transferee had a need to reallocate its financial resources in the end of its financial year, the transferee expects that more time would be required by it to arrange for settlement of the second installment. Therefore, on 29 December 2011, the PRC Partner Subsidiary, the Subsidiary and the transferee entered into a supplemental agreement to the Project Agreement and agreed that the second installment of an amount of HK$12 million, should be settled by the transferee on or before 31 March 2012 notwithstanding that the implementation of the Wuhan EMC Project and relevant statistical testing on the trail section of the highway in Wuhan, the PRC had been completed.

On 2 May 2012, it was announced that, on 27 April 2012, the PRC Partner Subsidiary, the Subsidiary and the transferee entered into another supplemental agreement to the Project Agreement and agreed that the second installment should be settled by the transferee on or before 31 May 2012 notwithstanding that the implementation of the Wuhan EMC Project and relevant statistical testing on the trial section of the highway in Wuhan, the PRC had been completed. Pursuant to such supplemental agreement, the transferee also agreed to pay to the PRC Partner Subsidiary, starting from 1 April 2012, interest at the rate of 5% per annum which shall be calculated on a daily basis in respect of the outstanding balance of HK$12 million payable to the PRC Partner Subsidiary until such amount was settled in full. Pursuant to such supplemental agreement, the aggregate amount of such interest shall be fully paid on or before 31 May 2012.

On 1 June 2012, it was announced that, the second installment (i.e. HK$12 million) and approximately HK$100,000 (being interest in respect of the outstanding balance of HK$12 million payable to the PRC Partner Subsidiary) were received from the transferee. Out of the HK$12 million received by the PRC Partner Subsidiary, 90% of which, being approximately HK$10.8 million, had been received by the Subsidiary. Out of the amount of interest of approximately HK$100,000, 90% of which, being approximately HK$90,000, had been received by the Subsidiary. The total consideration (i.e. HK$30 million) under the Project Agreement had been received from the transferee.

The PRC Partner Subsidiary, being an associate of the PRC Partner, is a connected person of the Company under Rule 14A.11(1) of the Listing Rules by virtue of the fact that the PRC Partner is a substantial shareholder of the EJV, an indirect non-wholly owned subsidiary of the Company. Accordingly, the Wuhan Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the above transactions were published in the Company's announcements dated 25 July 2011, 29 December 2011, 4 January 2012, 2 May 2012 and 1 June 2012 and the Company's circular dated 24 August 2011.

(3) Preferred Shares

On 15 September 2011, three purchasers (Metro Factor Limited, Top Blast Limited and Global Vector Limited) (collectively, the "Purchasers"), four vendors (Master Top Investments Limited, Mega Step Investments Limited, Favor Mind Holdings Limited and Magical Power Investments Limited) (collectively, the "CT Vendors") and four guarantors (Mr. Ho Wai Kong, Mr. Lu Xing, Mr. Wang Dingbo and Ms. Siu Fung) (collectively, the "Guarantors") entered into the deed, pursuant to which the CT Vendors conditionally agreed to transfer an aggregate of 3,546,640,000 preferred shares (the "Subject Preferred Shares") to be allotted and issued by the Company to the CT Vendors as part of the consideration pursuant to the very substantial acquisition in relation to the acquisition of Hero Joy by the Group (the "2008 VSA") to the Purchasers.

Each of the Purchasers, being an associate of Mr. Cheng Yuanzhong ("Mr. Cheng"), is a connected person of the Company under Rule 14A.11(1) of the Listing Rules by virtue of the fact that each of the them are wholly and beneficially owned by Mr. Cheng and Mr. Cheng is an executive director and a director of the EJV, an indirect non-wholly-owned subsidiary of the Company. Accordingly, the allotment and issue of the ordinary shares upon conversion of the Subject Preferred Shares would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 5 April 2012, it was announced that the audited financial statements of the Hero Joy, its subsidiary and the EJV, for the year ended 31 December 2010 prepared by auditors appointed by Positive Rise Holdings Limited ("Positive Rise"), a wholly owned subsidiary of the Company, based on the generally accepted accounting principles in Hong Kong and other relevant principles (the "2010 Audited Accounts") showed that the net profit (after tax and extraordinary expenses) as shown in the 2010 Audited Accounts was approximately HK$265 million. The earn-out amounts to approximately HK$5,370 million and 8,053,914,537 preferred shares would be allotted and issued by the Company at HK$0.6667 for settlement of the Earn-out for the 2008 VSA.

The Preferred Shares allotted and issued by the Company have been held by the holders of the Preferred Shares in the following manner: (i) 1,954,284,725 preferred shares for Master Top; (ii) 592,370,828 preferred shares for Mega Step; (iii) 801,118,210 preferred shares for Favor Mind; (iv) 922,715,687 preferred shares for Magical Power; (v) 236,785,087 preferred shares for Huge Ally Group Limited; (vi) 1,200,000,000 preferred shares for Metro Factor; (vii) 1,754,280,000 preferred shares for Top Blast and (viii) 592,360,000 preferred shares for Global Vector.

Details for the above transactions were published in the Company's announcements dated 15 September 2011, 25 October 2011 and 5 April 2012 and the Company's circular dated 7 October 2011.

(4) On 3 November 2012, it was announced that Foshan Nengxing Metals Storage and Logistics Company Limited (佛山市能興金屬倉儲物流有限公司) ("Foshan Nengxing"), the two equity holders of Foshan Nengxing (the "Existing Shareholders"), the PRC Partner and the CPP Subsidiary, an indirect wholly-owned subsidiary of the Company, entered into an investment agreement (the "Investment Agreement") in relation to, among others, the establishment of the metals trading market of Southern China of the Platform (中國公共採購網華南金屬交易平台) (the "Proposed Project"). Pursuant to the Investment Agreement, the Existing Shareholders agreed to increase their aggregate capital contribution to Foshan Nengxing from RMB0.98

million to RMB75 million and the PRC Partner and the CPP Subsidiary agreed to make capital contribution to Foshan Nengxing by injecting RMB3.5 million (equivalent to approximately HK$4.3 million) and RMB21.5 million (equivalent to approximately HK$26.5 million) respectively.

Details for the above transactions were published in the Company's announcement dated 5 November 2012.

(5) On 22 August 2008, the EJV and the PRC Partner entered into the exclusive promotion and consultation services agreement (the "Promotion Agreement") (as supplemented by a supplemental agreement dated 17 October 2008). On 22 August 2008, the EJV and the PRC Partner entered into the exploration, construction and exclusive know-how services agreement (the "Service Agreement") (as supplemented by a supplemented agreement dated 17 October 2008).

On 29 November 2012, it was announced that the PRC Partner, the EJV and the CPP Subsidiary entered into a supplemental agreement to each of the Promotion Agreement and the Service Agreement (each of the Promotion Agreement and the Service Agreement as supplemented by such supplemental agreement is referred to as the "2012 Promotion Agreement" and the "2012 Service Agreement" respectively).

Pursuant to the Promotion Agreement, the PRC Partner agreed to appoint the EJV and the EJV agreed to act as the exclusive agent of the PRC Partner to recruit suppliers for the Platform and provide necessary services to the suppliers on the Platform. Pursuant to the Service Agreement, the PRC Partner agreed to engage the EJV and the EJV agreed to provide (i) all necessary capital, know-how, equipment and human resources in relation to the building and setting up of the Platform; and (ii) technical support in relation to the operation of the Platform. Pursuant to the Promotion Agreement and the Service Agreement, the EJV is entitled to receive a service fee which equals to in aggregate 100% of the gross revenue received by the PRC Partner from its business in relation to the platform.

Pursuant to the 2012 Promotion Agreement and the 2012 Service Agreement, in addition to the EJV, being a service provider under the Promotion Agreement and the Service Agreement, the CPP Subsidiary agreed to act as a service provider to the Platform. Further, it was agreed that the PRC Partner will be entitled to 10% of the service fee payable to or revenue derived by the CPP Subsidiary under the 2012 Promotion Agreement and the 2012 Service Agreement or 10% of the total revenue of the CPP Subsidiary arising from the business of the Platform. Save as disclosed herein, the other terms of the Promotion Agreement and the Service Agreement remain unchanged.

On 4 February 2013, it was announced that the CPP Subsidiary advanced RMB30 million (equivalent to approximately HKD37.3 million) to the PRC Partner in performance of the 2012 Service Agreement, pursuant to which the CPP Subsidiary agreed to provide, among others, all necessary capital in relation to the construction and setting up of the Platform. The advance of RMB30 million made by the CPP Subsidiary to the PRC Partner on 4 February 2013 was made to the PRC Partner for the construction and setting up of the Platform.

Details for the above transaction were published in the Company's announcements dated 30 November 2012, 5 February 2013 and the Company's circular dated 16 January 2009.

(6) Proposed Acquisition

On 21 November 2012, a conditional sale and purchase agreement (the "Acquisition Agreement") was entered into between a wholly owned subsidiary of the Company (the "Purchaser") as purchaser, ACME Insight Limited as vendor and an individual (being the beneficial owner of 91.4% interest of the Target) as guarantor in relation to the proposed acquisition (the "Acquisition") by the Purchaser of 70% of the equity interest in a company (the "Target") (the "Proposed Acquisition"). The Target will hold interests in certain subsidiaries which were principally engaged in the procurement, manufacturing and developing of water pumps and providing pump station solutions in the PRC and the Middle East. The proposed Acquisition will constitute a very substantial acquisition and connected transaction for the Company under the Listing Rules. A draft announcement in relation to the proposed Acquisition had been submitted to the Stock Exchange for pre-vetting.

On 6 February 2013, the Company received a letter ("Letter") from the Stock Exchange that they concluded that the Proposed Acquisition would constitute a reverse takeover under Rule 14.06(6) of the Listing Rules and the Proposed Acquisition may not proceed. After careful consideration of all the circumstances surrounding the Proposed Acquisition, the Board decided not to proceed with the Proposed Acquisition at that moment.

On 20 February 2013, after arm's length negotiations, the parties to the Acquisition Agreement entered into a termination agreement to terminate the Acquisition Agreement with effect from 20 February 2013. Nevertheless, the Company may revisit the terms of the proposed Acquisition when it considers appropriate in the future.

The Board considers that the termination of the Acquisition Agreement is in the interest of the Company and the shareholders of the Company as a whole and has no material adverse impact on the existing business and/or the financial position of the Group.

Details for the above transaction were published in the Company's announcements dated 7 December 2012, 7 January 2013, 8 February 2013 and 21 February 2013.

* *for identification purpose only*

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF SHENZHEN ZHONGCAI INFORMATION TECHNOLOGY COMPANY LIMITED

On 11 April 2012, it was announced that Victory Group Ltd (the "Purchaser"), an investment holding company and a wholly-owned subsidiary of the Company, entered into the acquisition agreement (the "Acquisition Agreement 2") with three PRC individuals, two of whom being the vendors, pursuant to which the Purchaser had conditionally agreed to acquire, and the vendors had conditionally agreed to sell, 69% of the equity interest in 深圳市中采信息技術有限公司 (Shenzhen Zhongcai Information Technology Company Limited*) ("Shenzhen Zhongcai") held by one of the vendors and 1% of the equity interest in Shenzhen Zhongcai held by another vendor respectively, being in aggregate 70% of the equity interest of Shenzhen Zhongcai at a consideration of RMB30 million (equivalent to approximately HK$37 million), with a PRC individual being the ultimate controller of Shenzhen Zhongcai.

On 17 July 2012 and 27 July 2012, it was announced that the parties to the Acquisition Agreement 2 and the PRC Partner entered into a supplemental agreement on 17 July 2012 (the "Supplemental Agreement"), pursuant to which, among others, (i) the manner of payment of the consideration was amended; (ii) the sharing arrangement regarding profits generated by Shenzhen Zhongcai was added;

and (iii) the PRC Partner agreed to substitute the Purchaser and act as the purchaser in the acquisition in the event that condition (e) as set out in the paragraph headed "Conditions precedent of the Acquisition Agreement 2" (i.e. "the acquisition having complied with requirements of the Listing Rules, including but not limited to, the obtaining of the approval regarding the acquisition at the special general meeting of the Company (if required)") in the Company's announcement dated 11 April 2012 was not fulfilled on or before 31 October 2012.

On 15 October 2012, the Circular was despatched to the shareholders. On 31 October 2012, it was announced at the special general meeting of the Company that the ordinary resolution of Acquisition Agreement 2 and the transactions contemplated thereunder was duly passed.

Details of the above transactions were published in the Company's announcements dated 11 April 2012, 17 July 2012, 27 July 2012 and 30 August 2012 and the Company's circular dated 15 October 2012.

* *for identification purpose only*

DISCLOSEABLE TRANSACTION IN RELATION TO THE PURCHASE OF THE PRC HEADQUARTER

On 4 July 2012, it was announced that the CPP subsidiary entered into the sale and purchase agreements on 4 July 2012 in relation to the purchase of the Building and its Basement by the CPP subsidiary from the Vendor, at an aggregate consideration of approximately RMB135.0 million (equivalent to approximately HK$165.7 million). The Building and the Basement will function as the headquarter of the Purchaser for future development of its public procurement services.

Details of the above transaction were published in the Company's announcement dated 4 July 2012.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference which have been updated 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 31 December 2012, the Audit Committee comprises five members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin, Mr. Chen Bojie, Mr. Xu Haigen and Mr. Ying Wei, 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 2012.

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 31 December 2012, the Remuneration Committee comprises five members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin, Mr. Chen Bojie, Mr. Xu Haigen and Mr. Ying Wei, 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 on 29 March 2012 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 31 December 2012, the Nomination Committee comprises seven members, including two executive directors of the Company, namely Mr. Cheng Yuanzhong as the Chairman, Mr. Ho Wai Kong and five independent non-executive directors of the Company, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Chen Bojie, Mr. Xu Haigen and Mr. Ying Wei. The major responsibility of Nomination Committee is to make recommendations to the board of the Company regarding candidates to fill vacancies on the board and senior management of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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. As at the date of this announcement, the roles of the chairman and the chief executive were separate. Mr. Cheng Yuanzhong and Mr. Chen Shulin were the joint chairmen while Mr. Ho Wai Kong was the honorary chairman. The role of the chief executive was performed by Mr. Wang Dingbo. The Board updated the Company's corporate governance on 29 March 2012 to bring it in closer alignment with the amendments to the CG Code as set out in Appendix 14 of the Listing Rules that has taken effect from 1 April 2012.

RESUMPTION OF TRADING

At the Company's request, trading in the Shares was suspended from 10:19 a.m. on 5 July 2010. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 2 April 2013.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Lau Kin Shing, Charles
Company Secretary

Hong Kong, 28 March 2013

At the date of this announcement, the Board comprises eight executive directors, namely Mr. Cheng Yuanzhong (Joint Chairman), Mr. Chen Shulin (Joint Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Wang Dingbo (Chief Executive), Mr. Lau Kin Shing, Charles, Mr. Li Kening, Mr. Peng Zhiyong and Mr. Peng Ru Chuan; two non-executive directors, Mr. Wang Ning and Ms. Liu Jie; and six independent non-executive directors, Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Chen Bojie, Mr. Xu Haigen, Mr. Ying Wei and Mr. Shen Shaoji.