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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 2013

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 2013, together with the comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*2*	**90,003**	277,123
Cost of sales		**(9,806)**	(277,155)
Gross profit (loss)		**80,197**	(32)
Other income	*3*	**119,802**	132,106
Change in fair value of investment properties		**56,300**	—
Gain on disposal of a subsidiary		**—**	2,109
Impairment loss recognised in respect of intangible assets		**(2,652)**	—
Impairment loss recognised in respect of goodwill		**(11,599)**	—
Share of loss of an associate		**(476)**	(3,547)
Administrative expenses		**(165,092)**	(119,275)
Finance costs	*4*	**(2,615)**	—
Profit before tax		**73,865**	11,361
Income tax expense	*5*	**(37,120)**	(28,231)
Profit (loss) for the year	*6*	**36,745**	(16,870)
Profit (loss) for the year attributable to:			
Owners of the Company		**37,403**	(14,575)
Non-controlling interests		**(658)**	(2,295)
		36,745	(16,870)
Earnings (loss) per share			
— Basic and diluted	*8*	**HK0.33 cent**	HK(0.16) cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit (loss) for the year	**36,745**	(16,870)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**71,302**	7,860
Total comprehensive income (expense) for the year	**108,047**	(9,010)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**107,996**	(6,355)
Non-controlling interests	**51**	(2,655)
	108,047	(9,010)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
Non-current assets			
Property, plant and equipment		**32,219**	10,999
Prepaid lease payments		**14,218**	—
Investment properties		**220,715**	—
Goodwill		**1,409,280**	1,362,223
Intangible assets		**121,059**	103,825
Interest in an associate		**1,307**	1,715
Available-for-sale investment		**6,400**	—
Prepayment for properties		—	150,295
Prepayment for intangible assets		—	11,842
Prepayment for plant and equipment		**6,144**	—
Deposit paid for potential acquisition of a subsidiary		**19,000**	19,000
Deferred tax asset		**929**	890
		1,831,271	1,660,789
Current assets			
Trade and other receivables	*9*	**157,158**	100,337
Prepaid lease payments		**294**	—
Amount due from a substantial shareholder		**40,320**	—
Income tax recoverable		**2,625**	—
Bank balances and cash		**75,076**	113,670
		275,473	214,007
Current liabilities			
Accruals and other payables	*10*	**69,980**	51,881
Amount due to a substantial shareholder		**18,750**	1,839
Amount due to a related company		**1,920**	—
Tax payable		**49,570**	39,893
Secured bank loans		**7,410**	6,570
		147,630	100,183
Net current assets		**127,843**	113,824
Total assets less current liabilities		**1,959,114**	1,774,613
Non-current liabilities			
Secured bank loans		**57,425**	57,489
Deferred income		**17,707**	—
Deferred tax liabilities		**33,675**	6,753
		108,807	64,242
		1,850,307	1,710,371

	NOTES	2013 HK$'000	2012 HK$'000
Capital and reserves			
Share capital	*11*	**112,913**	33,163
Convertible preference shares	*12*	**789**	80,539
Reserves		**1,723,180**	1,581,093
Equity attributable to owners of the Company		**1,836,882**	1,694,795
Non-controlling interests		**13,425**	15,576
		1,850,307	1,710,371

Notes:

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

The Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HK(IFRIC*) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

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.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 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 the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the '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 are 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 have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

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

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. HKFRS 11 is not applicable to the Group as the Group does not have any joint arrangements.

The impact of the application of these standards is set out below.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int — 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee if and only if a) it has power over the 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. All these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

HKFRS 12 Disclosure of Interests in Other Entities

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 application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements for 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 for share-based payment transactions within the scope of HKFRS 2 *Share-based Payment*, leasing transactions within the scope of HKAS 17 Leases and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The Group has early applied amendments to HKAS 36 Recoverable amount disclosures for non-financial assets in advance to its effective date (i.e. 1 January 2014). The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. Accordingly, for CGUs with goodwill and intangible assets with indefinite useful lives had been allocated and for which there is no impairment loss recognised or reversed during the year ended 31 December 2013 and 2012, the Group has not disclosed the recoverable amounts of the relevant CGUs. There is no other impact to consolidated financial statements of the Group.

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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Account[4]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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.

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 do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle will have a material effect 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 directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements* to *HKFRSs 2011–2013 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement subsequently of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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. 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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of HKFRS 9 is not yet determined. However, earlier application is 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.

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 in its financial statements.

To qualify as an investment entity, a reporting 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 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 directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

2. REVENUE AND SEGMENT INFORMATION

During the year ended 31 December 2013, the Group has identified a new operating segment, energy management contracting ("EMC"), due to the change in the Group's business strategy to further penetrate into such area. The comparative segment information for the year ended 31 December 2012 have been restated to incorporate the changes.

The Group's reportable and operating segments, based on information reported to the Board of the Company, being the 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 to the users of the online platform;

(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.

	Segment revenue from external sales		Segment results	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Public procurement	**1,400**	—	**(6,657)**	84,918
Trading business	**—**	276,107	**—**	(135)
Provision of corporate IT solution	**8,603**	1,016	**(15,554)**	(924)
EMC	**80,000**	—	**70,430**	43,861
	90,003	277,123	**48,219**	127,720
Change in fair value of investment properties			**56,300**	—
Unallocated income			**119,220**	3,327
Unallocated expenses			**(146,783)**	(118,248)
Gain on disposal of a subsidiary			**—**	2,109
Share of loss of an associate			**(476)**	(3,547)
Finance costs			**(2,615)**	—
Profit before tax			**73,865**	11,361

Segment results represent the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, gain on disposal of a subsidiary and change in fair value of investment properties. 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 from continuing operations is as follows:

	2013	2012
	HK$'000	*HK$'000*
Rendering of services	**90,003**	1,016
Sales of goods	**—**	276,107
	90,003	277,123

(b) Geographical information

The Group operates principally in 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 customers		**Carrying amounts of non-current assets** *(Note)*	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
the PRC	**10,003**	277,123	**1,803,103**	1,636,748
Hong Kong	**80,000**	—	**1,839**	4,151
	90,003	277,123	**1,804,942**	1,640,899

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

3. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Income from transfer of EMC framework agreements	**—**	43,861
License fee income	**118,788**	84,918
Government grant		
— amortisation of deferred income	**213**	—
— others*	**369**	—
Consultancy income	**—**	367
Bank interest income	**221**	714
Interest income **	**—**	2,049
Sundry income	**211**	197
	119,802	132,106

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

** Interest income represents interest charged to an independent third party for the late settlement of other receivables.

4. FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Interest on bank loans not wholly repayable within five years	**4,472**	1,234
Less: Amount capitalised	**(1,857)**	(1,234)
	2,615	—

5. INCOME TAX EXPENSE

	2013 *HK$'000*	2012 *HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT") — current year provision	**10,823**	29,949
HK Profits Tax — Over-provision in prior years	**—**	(831)
	10,823	29,118
Deferred taxation	**26,297**	(887)
	37,120	28,231

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

No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2013 and 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 subsidiaries registered in the PRC is 25%.

One of the subsidiaries of the Company is recognised as a High and New-technology Enterprise which have been granted tax concessions by the local tax bureau and are entitled to PRC EIT at a concessionary rate of 15% for both years.

The fair value gain from the Group's investment properties of HK$56,300,000 had given rise to deferred taxation of HK$28,131,000.

6. PROFIT (LOSS) FOR THE YEAR

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

	2013 *HK$'000*	2012 *HK$'000*
Staff costs		
— Directors' emoluments	**25,831**	26,307
— Other staff costs	**25,854**	10,121
— Retirement scheme contributions	**1,698**	1,277
— Equity-settled share-based payment expenses	**26,981**	5,821
Total staff costs	**80,364**	43,526
Auditor's remuneration	**2,080**	1,948
Write-off of other receivables	**1,671**	1,136
Amortisation of prepaid lease payments	**194**	—
Write-off of property, plant and equipment	**76**	1
Cost of inventories recognised as expense	**—**	276,242
Depreciation of property, plant and equipment	**5,899**	3,619
Amortisation of intangible assets	**4,852**	838
Minimum lease payments under operating leases	**10,576**	9,295

7. DIVIDENDS

No dividend was paid or proposed during both years ended 31 December 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS (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:

	2013	2012
	HK$'000	*HK$'000*
Profit (loss) attributable to owners of the Company for the purpose of basic and diluted loss per share	**37,403**	(14,575)

Number of shares

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares and preference shares for the purpose of basic and diluted loss per share	**11,370,247**	9,274,023

Trading in the shares of the Company was suspended from 5 July 2010 to 1 April 2013 and no information of the average market price per share for such period is available.

As the exercise prices of the outstanding share options are higher than both the market price for shares immediately before the suspension of trading in the Company's shares and the average market price for shares for the period from 2 April 2013 to 31 December 2013, the computation of diluted earnings per share for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding share options.

As the exercise prices of the outstanding share options are 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 did 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 did not assume the issuance of preference shares on 1 January 2012 as such issuance would result in a decrease in loss per share for the year ended 31 December 2012.

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**22,538**	1,748
Prepayments	**2,541**	5,420
Deposits and other receivables	**132,079**	93,169
	157,158	100,337

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:

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**495**	629
91 days to 180 days	**187**	648
181 days to 365 days	**21,408**	283
Over 365 days	**448**	188
	22,538	1,748

During the year ended 31 December 2013, other receivables of approximately HK$1,671,000 (2012: HK$1,136,000) was written off due to its remote collectability.

10. ACCRUALS AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accruals	**394**	261
Other payables*	**51,933**	39,840
Payables for acquisition of property, plant and equipment	**10,240**	—
Payables for acquisition of intangible assets	**7,413**	11,780
	69,980	51,881

* Included in the balance was interest free advances of HK$8,754,000 (2012: HK$2,494,000) from certain independent third parties.

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 2012	10,000,000	100,000
Increase in authorised capital *(note a)*	10,000,000	100,000
At 31 December 2012, 1 January 2013 and 31 December 2013	20,000,000	200,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 1 January 2013	3,316,332	33,163
Increase on conversion of preference shares *(note b)*	7,975,011	79,750
At 31 December 2013	11,291,343	112,913

Note a: 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.

Note b: During the year ended 31 December 2013, 7,975,011,000 ordinary shares of HK$ 0.01 each was issued and allotted, credited as fully paid, upon conversion of 7,975,011,000 preference shares.

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 2012	—	—
Issued during the year	8,053,915	80,539
At 31 December 2012	8,053,915	80,539
Conversion into ordinary shares	(7,975,011)	(79,750)
At 31 December 2013	78,904	789

On 5 April 2012, the Company issued 8,053,914,537 convertible preference shares of par value of HK$0.01 each to settle the contingent consideration for the acquisition of Hero Joy Group International limited, a subsidiary acquired by the Group in 2009.

During the year ended 31 December 2013, 7,975,011,000 preference shares of HK$ 0.01 each were converted, resulting in the issue and allotment of 7,975,011,000 ordinary shares of HK$0.01 each, credited as fully paid.

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.

ANNUAL RESULTS

Revenue during the year ended 31 December 2013 was HK$90,003,000 (2012: HK$277,123,000), which is mainly attributable to the income generated from the professional services offered in the electronic transaction platform of China Public Procurement Online Platform and our EMC services. A turnaround to profit was achieved as our profit of the year was HK$36,745,000 (2012: loss of HK$16,870,000).

Earnings per share was HK0.33 cent during the year (2012: loss of HK0.16 cent per share). The Board recommends that no dividend be paid for the year ended 31 December 2013.

BUSINESS REVIEW

In 2013, the Company was in full operation with a view to strengthen its foundation. As trading was resumed early in the year, the Company laid out its structure which comprises the entire industry chain in public procurement, with its main electronic public procurement platform and 22 branch platforms, funded and operated by us, in continual construction, furthering its involvement its involvement in establishment of procurement platforms on regional and industry levels. During the period under review, trading platforms will be established and will commence trial operation in Hubei Province, Inner Mongolia Autonomous Region and Panjin City, and the government procurement platforms and bulk commodity trading platforms in Qinghai Province and Jining City began to turn profitable. Initial deliberation and preliminary work were completed for military resources and advanced education institutions procurement platforms.

In April this year, the Company was approved by the Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen (深圳市前海深港現代服務業合作區管理局) to establish a subsidiary in Qianhai, which will provide financial information services for the users of the financial service platform, and integrated financial solutions for small and medium enterprises involved in governmental procurements. As at the end of 2013, cooperation agreements were entered into between the Company and the provincial governments of Hubei and Inner Mongolia, and joint development of financial services with CITIC Bank was secured in order to achieve successful commencement of our business.

Consensus has been reached in June between the Company, our PRC Partner Guocai Science & Technology Company Limited, and a facilitating strategic collaborator for the project of the global public procurement services centre, for which an exclusive licensing cooperation agreement was signed. During the same year, the zoning for our headquarter project was approved by WEHDZ Committee (武漢東湖管委會), and furnishing of the office building used for our headquarter project in Wuhan, Public Procurement Building, was completed and began in use in August.

The Company organised "National Public Resources Trading Summit 2013"* (2013全國公共資源交易高峰論壇) and "Global Public Procurement Forum and Sourcing Fair 2013" in August and October this year, respectively. Experts and related institutions in the public procurement sector from the United Nations, the European Union, the U.S. and China were invited, reinforcing our collaboration with organizations in the sector and enhancing our influence in the industry. During the events, the Company entered into a number of cooperation agreements with relevant cooperative partners in connection to the establishment of a global public procurement trading services centre and Qatar World Cup Project, among others. In addition, the Company has reached agreements with the government of France and Paraguay respectively, to commence their local public procurement projects jointly, making our first steps of the global strategic plan of CPP.

In 2013, the Company continued to participate in public lighting renovation services in various cities, providing our customers integrated services including energy efficiency design, procurement, construction, training and operational maintenance, with an aim to gain profits and achieve on-going development through energy efficiency enjoyed consequent to the implementation of the sharing projects with customers.

During the period, the Company was devoted to the optimisation of our business structure, reorganising our human resources into different business divisions, which include Public Procurement Business Division, Wuhan Headquarter Business Division, Tendering Agency Business Division, Financial Services Business Division, Bulk Commodity Procurement Business Division, Global Public Procurement Business Division, and setting up Energy Efficiency Business Division, Supply Chain Management Business Division, Civil-Military Integration Business Division and E-mall Business Division. They are responsible for a variety of key projects, such as CCPThru, e-mall, bulk commodity trading platforms, electronic tendering and bidding platforms, regulatory platform for energy conservation by public institutions, financial services platform and the Centre of Global Public Procurement Trading Service.

PROSPECTS

Across the globe, the public procurement sector is accounting for increasing shares in the GDP of developed economies. In China, the size of the public procurement sector is expected to expand rapidly as the government continues to increase its procurement of public services, with the benefit of opportunities presented by government policies in the wake of economic globalization and GPA negotiations.

Public Procurement Business

The Company has pioneered in the investment operation model of "a market-oriented independent third party platform orchestrated by industry organizations" and an organizational management model characterized by the "segregated but coordinated operation of the public service platform, trading platform and regulatory platform," which have pointed out the direction for the reform and innovation of China's public procurement system.

The CPP Net (中國公共採購網) invested in and operated by the Company has started to recruit suppliers as members, while groundbreaking progress has been made in the inter-connection of database with other trading platforms. On 26 March 2014, the service product "公採通" was launched to promote cross-platform procurement by suppliers on a nationwide basis, while providing third-party services such as collated information customization, safety authentication, credit check, electronic bills, payment and financing.

The "公採通" developed by the Company is an innovative e-commerce product designed for the public procurement sector. Its scope of service will gradually be expanded to facilitate inter-connection with the government procurements centres of 22 provinces, cities or districts including Hubei, Qinghai, Hebei, Shandong, Shenzhen and Shenyang.

Financial Service Business

Since the beginning of 2014, the Company has entered into partnerships with Everbright Bank, Minsheng Bank and China Merchants Bank to expand its business channels, and will continue to identify and sign up new partner banks in future. Hubei Province and Inner Mongolia Autonomous Region will represent important regions for trial operation, as the Company will align its best resources to ensure sound operations at the two aforesaid regions, while expanding the business to other regions. In the meantime, the Company will improve its business processing platform and continue to introduce insurance, credit check and payment as three value-added businesses. The insurance measures will effectively enhance efficiency on the bank end, which will in turn enhance the overall business completion ratio. As the business expands, insurance premium is also expected to become a major source of the Company's business revenue. Meanwhile, credit check will help to improve the business application approval rate on the bank end, while the payment service will lower the operating and ethical risks in business operation. The financial service business is also expected to form with the 公採通 business a joint force driving forward.

Looking to the future, given the PRC government's concern for the government procurement business over the longer term, the further development of the government procurement market and gradually improving functions of the CPP Net operated by the Company, the financial service business is well-positioned to achieve new benchmarks in business expansion as it expects a more favourable environment for business development.

Global Public Procurement Services

The Company has plans to commence public procurement-related businesses with its partners in Qatar, Paraguay and France. At the same time, the Company and its partner in China 國採科技股份有限公司 (Guocai Science & Technology Company Limited*) will jointly develop the Global Public Procurement Transaction Centre and Optics Valley Technology Convention Centre in Wuhan, together with ancillary service facilities for members. The Company believes that, as the time China becoming a signatory to the Agreement on Government Procurement (GPA) comes closer, its public procurement business will experience soaring growth in 2014.

Headquarters Business

The Company has plans to promote, invest in and construct the "Public Procurement e-Commerce City" jointly with Hubei Province, Inner Mongolia Autonomous Region and Shandong Province, with the aim of forming an open online commerce city focused on the public procurement sector with shared prices, which is expected to generate information flow, business flow, logistics and capital flow from transactions. As well as making positive contributions to the Company's operating revenue, the project will also have a profound social impact. Currently, planning deliberations have been completed and the platform is scheduled to go online in the fourth quarter of 2014. Embedded in the general platform and the e-procurement platforms of various provincial governments, it is expected to generate synergies with the "公採通" business. The tertiary school e-procurement platform project and the military supplies e-procurement platform project are also expected to make breakthroughs and generate revenue for the Company in 2014.

In 2014, the Company plans to build an end-to-end electronic bidding and tender assessment service centre at Public Procurement Building, its owned property, to provide end-to-end electronic procurement and bidding services as well as offline tender assessment services to bidding intermediaries, procurement agencies and institutional procurement buyers. As well as generating business revenue, the centre also allows customers to experience our services as part of our business development initiatives. This centre and the information centre will be developed under centralized planning and constructed and utilized on a consolidated basis, in order to expand its influence in the industry and win over policy-driven funds.

At the same time, to increase utilization efficiency, certain currently vacant office areas in Public Procurement Building will be leased to third-party enterprises and public institutions with the provision of relevant service.

Tendering Agency Business

Our Tendering Agency Business Division established based on our tendering and bidding agency services is a crucial business module of the Company as well as an important deployment in the sector of public procurement services. The business division will have Class A qualification of project bidding agency issued by Ministry of Housing, Class A qualification of the government procurement agency issued by Ministry of Finance, and Tendering Agencies of Investment Projects of the Central Government issued by National Development and Reform Commission, as well as ISO Quality Management Systems Certification. Leveraging on our advantage in the public procurement sector in China, we intend to provide different types of tendering agency and quality system certification services for related enterprises.

Energy Conservation Monitoring Business

Supported by our good public relations, high calibre market partners and professional technical teams, the Company will begin initiating its renovation projects for city street lights. During the same period, the Company planned to develop platforms of public institution to monitor energy consumption which collect data of, monitor and manage energy consumption in public institutions by means of information collection, information communications, computer integration and data transfer. Analysis is conducted for energy use in public institutions to provide effective basis of the design of energy conservation renovation projects, providing services such as settling queries about and conducting assessment of energy consumption as well as plotting informational graphs. It is expected that the accomplishment of the project will bring the Company's energy and environmental conservation services in the public sector to a new level.

Aided by new trends in information technology, the electronic trading services platform for public procurement owned by the Company will be gradually connected to different public procurement platforms for procurements of the government, state-owned enterprises, the military force, advanced education institutions, platforms for bulk commodity purchases and global public procurement trading. We will also establish an e-mall specialised to serve public procurement organisations, building a nation-wide unified platform supported by the market service system with electronic transactions as its core activities conducted through CPPThru and the e-mall. With stable business and strong financial power, the Company will continue to explore development opportunities based on its rootedness in China and its global vision. Despite intense competition in the challenging era of globalisation, the Company continues to be prudently optimistic as to the overall prospect of public procurement business. The Company is determined to make continual endeavors as it sets sail towards the blue ocean of global public procurement industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group maintained cash and bank balances in aggregate of approximately HK$75,076,000 (2012: HK$113,670,000) and secured bank loans of approximately HK$64,835,000 (2012: HK$64,059,000). As at 31 December 2013, the Group's working capital and current ratio were net current assets of approximately HK$127,843,000 (2012: net current assets of HK$113,824,000) and 1.87x (31 December 2012: 2.14x) respectively.

GEARING RATIOS

As at 31 December 2013, the Group's gearing ratios, calculated as total liabilities divided by total assets was 12.17% (31 December 2012: 8.77%).

PLEDGE OF ASSETS

As at 31 December 2013, certain buildings, prepaid lease payments and investment properties with aggregate carrying amounts of HK$240,457,000 (31 December 2012: HK$150,295,000) were pledged to secure the bank loans of the Group.

CONTINGENT LIABILITIES

As at 31 December 2013, 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 RMB. 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 2013, the Group employed approximately 172 (2012: 116) employees and the total remuneration of the employees (including directors) was approximately HK$80,364,000 (2012: HK$43,526,000). 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$119,275,000 (2012) to HK$165,092,000 in 2013. 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 were legal and professional fees of HK$14,052,000 (2012: HK$41,037,000), non-cash for the options granted under the Share Option Scheme of HK$34,091,000 (2012: HK$18,378,000), and staff salary and benefit costs of HK$54,533,000 (2012: HK$25,148,000).

CONNECTED TRANSACTIONS

(1) 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 HK$37.3 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.

(2) Proposed Acquisitions

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 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.

On 22 July 2013, a memorandum of understanding (the "Memorandum of Understanding") was entered into between a wholly-owned subsidiary of the Company (the "Purchaser") and Trade World Investments Limited (the "Vendor") as vendor in relation to the proposed acquisition (the "Proposed Acquisition") of the entire issued share capital of Fortress Paradise Limited (the "Target Company"). Save for the clauses 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 (the "Formal 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 said document.

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.

On 25 March 2014, the Company announced that no Formal Agreement had been entered into between the Vendor and the Purchaser in relation to the Proposed Acquisition and the Memorandum of Understanding had lapsed pursuant to its terms. The Board considers that the lapse of the Memorandum of Understanding does not have any material adverse impact on the operation of the Company and its subsidiaries.

Details for the above transaction were published in the Company's announcements dated 22 July 2013 and 25 March 2014.

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 31 December 2013, the Audit Committee comprises four members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Xu Haigen, who are all the independent non-executive directors of the Company.

* *for identification purposes only*

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 2013.

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 2013, the Remuneration Committee comprises four members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Xu Haigen, 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 31 December 2013, 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 four independent non-executive directors of the Company, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Xu Haigen. 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.

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

Hong Kong, 31 March 2014

At the date of this announcement, the Board comprises seven executive directors, namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Yan Wei (Chief Executive and Chief Operating Officer), Mr. Zhang Wanjun, Mr. Zhao Peilai, Mr. Peng Zhiyong and Mr. Peng Ru Chuan; three non-executive directors, namely Mr. Wang Dingbo, Mr. Wang Ning and Ms. Liu Jie; and five independent non-executive directors, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Chen Bojie, Mr. Xu Haigen and Mr. Shen Shaoji.