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 2014 AND APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE

The board of directors (the "Board") of China Public Procurement Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*2*	**1,223,077**	90,003
Cost of sales		**(1,217,523)**	(9,806)
Gross profit		**5,554**	80,197
Other income	*3*	**18,589**	119,802
Change in fair value of investment properties		**6,549**	56,300
Impairment loss recognised in respect of goodwill		**(400,500)**	(11,599)
Impairment loss recognised in respect of intangible assets		**—**	(2,652)
Impairment of other receivables		**(131,723)**	—
Gain on disposal of a subsidiary		**3,120**	—
Administrative expenses		**(162,232)**	(165,092)
Share of loss of an associate		**—**	(476)
Finance costs	*4*	**(2,375)**	(2,615)
(Loss) profit before tax		**(663,018)**	73,865
Income tax expenses	*5*	**(5,164)**	(37,120)
(Loss) profit for the year	*6*	**(668,182)**	36,745
(Loss) profit for the year attributable to:			
Owners of the Company		**(665,164)**	37,403
Non-controlling interests		**(3,018)**	(658)
		(668,182)	36,745
(Loss) earnings per share			
— Basic and diluted	*8*	**(HK5.67) cents**	HK0.33 cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK\$'000	*HK\$'000*
(Loss) profit for the year	**(668,182)**	36,745
Other comprehensive (expenses) income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(26,368)**	71,302
Reclassification adjustments for the cumulative exchange gains upon disposal of a foreign subsidiary	**(663)**	—
Total comprehensive (expenses) income for the year	**(695,213)**	108,047
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(692,029)**	107,996
Non-controlling interests	**(3,184)**	51
	(695,213)	108,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**25,422**	32,219
Prepaid lease payments		**14,252**	14,218
Investment properties		**229,673**	220,715
Goodwill		**987,531**	1,409,280
Intangible assets		**118,187**	121,059
Interest in an associate		**1,307**	1,307
Available-for-sale investment		**—**	6,400
Prepayment for plant and equipment		**6,051**	6,144
Deposit paid for potential acquisition of a subsidiary		**19,000**	19,000
Deferred tax assets		**915**	929
		1,402,338	1,831,271
Current assets			
Trade and other receivables	*9*	**176,701**	157,158
Loan receivables		**104,484**	—
Prepaid lease payments		**301**	294
Amount due from a substantial shareholder		**39,712**	40,320
Income tax recoverable		**—**	2,625
Bank balances and cash		**19,926**	75,076
		341,124	275,473
Current liabilities			
Accruals and other payables	*10*	**168,909**	69,980
Amount due to a substantial shareholder		**14,491**	18,750
Amounts due to related companies		**5,421**	1,920
Tax payable		**50,185**	49,570
Secured bank loans		**—**	7,410
		239,006	147,630
Net current assets		**102,118**	127,843
Total assets less current liabilities		**1,504,456**	1,959,114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Non-current liabilities			
Secured bank loans		—	57,425
Deferred income		**18,637**	17,707
Deferred tax liabilities		**35,723**	33,675
		54,360	108,807
		1,450,096	1,850,307
Capital and reserves			
Share capital	*11*	**120,837**	112,913
Convertible preference shares	*12*	**589**	789
Reserves		**1,318,429**	1,723,180
Equity attributable to owners of the Company		**1,439,855**	1,836,882
Non-controlling interests		**10,241**	13,425
		1,450,096	1,850,307

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, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)* — Int 21	Levies

* IFRIC represents the IFRS 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 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. 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".

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is catergorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

HK(IFRIC) — Int 21 Levies

The Group has applied HK(IFRIC) — Int 21 Levies for the first time in the current year. HK(IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for HKFRS 9 to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

HKFRS 15 Revenue from Contracts with Customers

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

- Step 1: Identify the contract with customer;

- Step 2: Identify the performance obligations in the contract;

- Step 3: Determine the transaction price;

- Step 4: Allocate the transaction price to the performance obligations in the contract; and

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010–2012 Cycle

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

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

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

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

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

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

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

The directors of the Company 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.

Annual Improvements to HKFRSs 2012–2014 Cycle

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively. The directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Company's financial statements.

Amendments to HKAS 1 Disclosure Initiative

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

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

Furthermore, the amendments clarify that:

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

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

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Impact of new Hong Kong Companies Ordinance

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

(a) Segment revenues and results

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

For the year ended 31 December 2014

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

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

For the year ended 31 December 2013

	Public procurement	Trading business	Provision of corporate IT solution	EMC	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE						
External sales	1,400	—	8,603	80,000	—	90,003
Contribution to segment (loss) profit	(7,239)	—	(1,303)	70,430		61,888
Impairment loss on goodwill	—	—	(11,599)	—		(11,599)
Impairment loss on intangible assets	—	—	(2,652)	—		(2,652)
Segment (loss) profit	(7,239)	—	(15,554)	70,430		47,637
Change in fair value of investment properties						56,300
Unallocated income						119,802
Unallocated expenses						(146,783)
Share of loss of an associate						(476)
Finance costs						(2,615)
Consolidated profit before tax						73,865

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, other income, gain on disposal of a subsidiary, change in fair value of investment properties, certain impairment of other receivable and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

	2014	2013
	HK$'000	*HK$'000*
Rendering of services	**15,901**	90,003
Sales of goods	**1,207,176**	—
	1,223,077	90,003

(b) Geographical information

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

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

	Revenue from external customers		**Carrying amounts of non-current assets** *(Note)*	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**1,223,077**	10,003	**1,382,202**	1,803,103
Hong Kong	**—**	80,000	**221**	1,839
	1,223,077	90,003	**1,382,423**	1,804,942

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

3. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
License fee income	**—**	118,788
Government grants		
— amortisation of deferred income	**315**	213
— others*	**79**	369
Rental income	**3,796**	—
Exchange gain	**255**	—
Bank interest income	**77**	221
Compensation income	**13,480**	—
Sundry income	**587**	211
	18,589	119,802

* 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.

4. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans not wholly repayable within five years	**2,375**	4,472
Less: Amount capitalised	**—**	(1,857)
	2,375	2,615

5. INCOME TAX EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**1,771**	—
PRC Enterprise Income Tax ("EIT") — current year provision	**496**	10,823
EIT — Under-provision in prior years	**339**	—
	2,606	10,823
Deferred taxation	**2,558**	26,297
	5,164	37,120

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2014.

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.

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 Enterprise Income Tax at concessionary rate of 15% for both years.

6. (LOSS) PROFIT FOR THE YEAR

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

	2014	2013
	HK$'000	*HK$'000*
Staff costs		
— Directors' emoluments	**17,856**	25,831
— Other staff costs	**39,631**	25,854
— Retirement scheme contributions	**5,464**	1,698
— Equity-settled share-based payment expenses	**23,840**	26,981
Total staff costs	**86,791**	80,364
Write-off of other receivables	**—**	1,671
Amortisation of prepaid lease payments	**309**	194
Write-off of property, plant and equipment	**—**	76
Rental income from investment properties	**(3,796)**	—
Cost of inventories recognised as expense	**1,204,897**	—
Depreciation of property, plant and equipment	**7,846**	5,899
Amortisation of intangible assets	**4,979**	4,852
Minimum lease payments under operating leases	**13,388**	10,576

7. DIVIDENDS

No dividend was paid or proposed during both years ended 31 December 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

8. (LOSS) EARNINGS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
(Loss) profit attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(665,164)**	37,403

Number of shares

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares and preference shares for the purpose of basic and diluted (loss) earnings per share	**11,725,438**	11,370,247

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 during 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 did not assume the exercise of the Company's outstanding share options.

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

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**5,001**	22,538
Other receivables	**134,717**	127,735
Impairment for other receivables	**(131,723)**	—
	2,994	127,735
Compensation income receivable	**13,473**	—
Prepayments for goods	**144,839**	—
Other prepayments	**5,695**	2,541
Deposits	**4,699**	4,344
	176,701	157,158

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:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**2,752**	495
91 days to 180 days	**30**	187
181 days to 365 days	**—**	21,408
Over 365 days	**2,219**	448
	5,001	22,538

At the end of the reporting period, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$2,249,000 (2013: HK$22,043,000) which were past due as at the reporting date for which the Group has not provided for impairment loss.

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

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**—**	20,000
91 days to 180 days	**—**	187
181 days to 365 days	**30**	1,408
Over 365 days	**2,219**	448
	2,249	22,043

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.

During the year ended 31 December 2013, other receivables of HK$1,671,000 (2014: nil) was written off due to its remote collectability.

The movements in impairment of other receivables are as follows:

	2014	2013
	HK$'000	*HK$'000*
As 1 January	**—**	—
Recognised during the year	**131,723**	—
As 31 December	**131,723**	—

Included in the impairment loss recognised are individually impaired other receivables with an aggregate balance of approximately HK$131,723,000 (2013: nil) which the Group does not hold any collateral over these balance. The individually impaired receivables mainly related to debtors that are in unexpected difficult economic situations or having disputes over the outstanding balances.

10. ACCRUALS AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Accruals	**9,222**	394
Security deposits	**5,741**	527
Receipt in advance	**108,278**	761
Other payables*	**37,767**	50,645
Payables for acquisition of property, plant and equipment	**7,473**	10,240
Payables for acquisition of intangible assets	**428**	7,413
	168,909	69,980

* Included in the balance was unsecured interest-free advances of HK$1,421,000 (2013: HK$8,754,000) from an independent third party (2013: 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 2013, 31 December 2013 and 31 December 2014	20,000,000	200,000
Issued and fully paid:		
At 1 January 2013	3,316,332	33,163
Increase on conversion of preference shares *(note a)*	7,975,011	79,750
At 31 December 2013 and 1 January 2014	11,291,343	112,913
Increase on conversion of preference shares *(note a)*	20,000	200
Issue of shares *(note b)*	772,388	7,724
At 31 December 2014	12,083,731	120,837

Notes:

a. During the year ended 31 December 2014, 20,000,000 ordinary shares (2013: 7,975,011,000 ordinary shares) of HK$0.01 each was issued and allotted, credited as fully paid, upon conversion of 20,000,000 preference shares (2013: 7,975,011,000 preference shares).

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

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 2013	8,053,915	80,539
Conversion into ordinary shares	(7,975,011)	(79,750)
At 31 December 2013	78,904	789
Conversion into ordinary shares	(20,000)	(200)
At 31 December 2014	58,904	589

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

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

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

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

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

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

During the year ended 31 December 2014, 20,000,000 preference shares (2013: 7,975,011,000 preference shares) of HK$ 0.01 each were converted, resulting in the issue and allotment of 20,000,000 ordinary shares (2013: 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 development and operation of electronic public procurement platforms and provision of procurement information and other added value services, trading and related services and Energy Management Contract (EMC) business. 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.

RESULTS AND BUSINESS REVIEW

For the year ended 31 December 2014, the Group's revenues amounted to HK$1,223.0 million (2013: HK$90.0 million) which was attributable mainly to trading business. Loss attributable to equity holders was HK$665.2 million (2013: profit HK$37.4 million). The basic and diluted loss per share for 2014 were both 5.67 HK cents (2013: earnings per share of 0.33 HK cents). The Board recommends no dividend be paid for the year ended 31 December 2014.

In the year under review, overall, our business continued to gain traction. We continued to gain new customers, expanded our services and made selected strategic investments in certain areas to enhance our competitive advantages.

Revenue from our core segment public procurement was HK$6.34 million which was 4.5 times better than the previous year. While this amount was considered small as compared to total revenue of the Group, it did show an encouraging improvement over 2013. Similarly, our Corporate IT Solution revenue improved 10% from HK$8.6 million in 2013 to HK$9.5 million in 2014.

The Group leverages its corporate brand and capabilities to support the sourcing needs of bulk trading buyers and sellers and recorded HK$1,207.2 million of trading revenue for the year. The bulk trading business, large in volume but small in margins, specializes in specific product categories and supplies. Gross profit was at HK$2.28 million or about 0.19% gross margin.

No revenue was generated from the Energy Management Services Segment (EMC) in 2014 as compared to HK$80 million earned in 2013. The gross loss of the year was HK$43.4 million as compared to a gross profit of HK$70.4 million in 2013, attributable entirely to impairment of a receivable. The Group will closely monitor the development in this market.

In addition, the following factors have a significant financial impact on the 2014 results:

1. Impairment of other receivables totalling HK$131.7 million. The impairment of receivable of HK$43.4 million reported under the EMC segment and a RMB70 million license fee receivable are which the Directors made an impairment on the unpaid amount in 2014.

2. The Group performs regular assessments of the acquired businesses to determine any potential permanent impairment for both goodwill and intangible assets according to HKAS 36 "Impairment of Assets". Based on the Group's assessment of all of the CGUs under the current operating structure, the Group has determined that there is a goodwill impairment of HK$400.5 million (2013: HK$11.6 million) for the year ended 31 December 2014. The Group will continue to perform impairment tests on an on-going basis.

3. For the year ended 31 December 2014, fair value gains on investment properties of the Group amounted to HK$6.5 million (2013: HK$56.3 million), mainly representing the fair value gains of the office building in Wuhan.

4. Administrative expenses of the Group amounted to HK$162.2 million, in line with the previous year of HK$165.1 million. Increase in payroll expenses and professional fees expenses were off-set by decrease in other expenses such as non-cash employee stock option expense which was at HK$26.5 million in 2014 (2013: HK$34 million).

5. Finance costs for the year ended 31 December 2014, were HK$2.375 million, representing a decrease of 9% from HK$2.615 million in the last year, which was mainly attributable to the full settlement of the bank loan facility during 2014.

6. Income tax expense for the year ended 31 December 2014 amounted to HK$5.16 million as compared to an income tax expense of HK$37.1 million in the previous year. The decrease was due to a loss position this year, and lower deferred tax provisions for the increase in fair value gains on investment properties.

Significant movements on the Group's Financial Position are as follows:

1. Goodwill as at 31 December, 2014 amounted to HK$987.5 million, representing a decrease of 30.0% from HK$1,409.3 million in 2013, which was due to an impairment of HK$401 million for the year.

2. Investment properties as at 31 December 2014 comprise the office building in Wuhan. Investment properties increased from HK$220.7 million as at 31 December 2013 to HK$229.7 million as at 31 December 2014, which was primarily due to the appreciation of the investment properties resulted from the revaluation.

3. Loan receivables as at 31 December, 2014 amounted to HK$100 million (2013: nil). Majority of the loan was provided to an independent third party under a cooperation arrangement whereby the Group would be entitled to a services fee based on 1.5% of transaction volume of no less than RMB950 million. The arrangement did not materialize and the loan has been agreed to be settled.

4. Interest-bearing bank borrowings (including current and non-current) as at 31 December 2014 were nil, as compared to HK$64.8 million as at 31 December 2013, which was primarily due to full settlement during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its liquidity requirements primarily through internal resources, bank and other loans and issue of new securities. During the year, the Company issued a total of 772,338,000 shares for total cash proceeds of HK$269.4 million. As at 31 December 2014, the Group had cash and cash equivalents of HK$19.9 million, mainly denominated in RMB, and HK dollar (as at 31 December 2013: HK$75 million). As at 31 December 2014, the Group's working capital and current ratio were net current assets of approximately HK$102.1 million (2013: HK$127.8 million) and 1.43X (2013: 1.87X) respectively.

GEARING RATIOS

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to adjusted capital ratio as at 31 December 2014 and 31 December 2013 were as follows:

	As at 31 December 2014	As at 31 December 2013
	HK$ million	*$ million*
Interest bearing loans and other borrowings	—	64.8
Less cash and cash equivalents	19.9	75.0
Net debt	(19.9)	(10.2)
Total equity	1,450.0	1,850.3
Add amount due to (from) related parties	(19.8)	(19.6)
Adjusted Capital	1,430.2	1,830.7
Net debt-to-adjusted capital	1.4%	0.6%

PLEDGE OF ASSETS

As at 31 December 2014, certain buildings, prepaid lease payments and investment properties with aggregate carrying amounts of HK$249 million (31 December 2013: HK$240 million) were pledged to secure credit facility granted by a company controlled by a director to an independent third party. No amount has been drawn on the credit facility as at 31 December 2014 and the credit facility was cancelled subsequent to the year end with the pledge of assets released.

CONTINGENT LIABILITIES

As at 31 December 2014, the Company had no material 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 2014, the Group employed 228 (2013: 172) employees and the total remuneration of the employees (including directors) was approximately HK$87 million (2013: HK$80 million). The Company maintains a share option scheme (the "Share Option Scheme"), pursuant to which share options are granted to selected directors or employees of the Group, with a view to attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group.

CONNECTED TRANSACTIONS

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

Details for the above transaction were published in the Company's announcement dated 10 December 2014.

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

Details for the above transaction were published in the Company's announcement dated 22 January 2015.

MEMORANDUM OF UNDERSTANDING

(1) On 22 July 2013, a memorandum of understanding was entered into between a wholly-owned subsidiary of the Company and Trade World Investments Limited as vendor in relation to the proposed acquisition of the entire issued share capital of Fortress Paradise Limited. 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 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.

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.

(2) On 26 August 2014, the Company announces that, a memorandum of understanding was entered into between a wholly-owned subsidiary of the Company as purchaser and two individuals (both being Hong Kong residents and independent third parties of the Company) as vendors in relation to the proposed acquisition of not less than 51% of the issued share capital of a company incorporated in Hong Kong and any shareholder's loan due to the two individuals by the company incorporated in Hong Kong. Save for the clause on exclusivity, confidentiality, the term and the governing law of the memorandum of understanding, the memorandum of understanding was not legally binding on the parties thereto. After signing of the memorandum of understanding, the parties thereto shall enter into good faith negotiation for the formal legally-binding sale and purchase agreement relating to the proposed acquisition and other matters relating to the proposed acquisition, and the provisions of the memorandum of understanding shall form the basis for the preparation of the formal agreement.

On 25 February 2015, the Board announced that no formal agreement had been entered into between the vendors and the purchaser in relation to the proposed acquisition before the expiry of the memorandum of understanding (the validity of the memorandum of understanding being 180 days) and thus the memorandum of understanding had lapsed pursuant to its terms. The Board considered that the lapse of the memorandum of understanding did not have any material adverse impact on the operation of the Group.

Details for the above transaction were published in the Company's announcement dated 26 August 2014 and 25 February 2015.

MAJOR TRANSACTION

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

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

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

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

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

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

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

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

DISCLOSEABLE TRANSACTION

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

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

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

PLACING AND SUBSCRIPTION OF NEW SHARES

(1) On 30 May 2014, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited (the "Placing Agent 1"), pursuant to which the Company conditionally agreed to place, through the Placing Agent 1, up to a maximum of 1,500,000,000 new ordinary shares of HK$0.01 each in the capital of the Company (the "Placing Share(s)"), on a best-effort basis to not fewer than six independent placees at a price of HK$0.36 per Placing Share (the "Placing 1").

The closing price per ordinary share as quoted on the Stock Exchange on 30 May 2014, being the date of the placing agreement was HK$0.395. The net price for each Placing Share was approximately HK$0.359.

The Placing 1 was completed on 20 June 2014. An aggregate of 698,888,000 Placing Shares has been successfully placed to less than six placees, namely Forever Tree Development Limited, New China Management Limited, Mr. Wong Cho Fai, Nicholas and Wellchamp Fund Limited, at a price of HK$0.36 per Placing Share, raising gross proceeds of HK$251.60 million. The net proceeds from the Placing 1 amounted to approximately HK$251.08 million which would be used for general working capital of the Group.

Details of the above transaction were published in the Company's announcements dated 30 May 2014 and 20 June 2014.

(2) On 8 December 2014, the Company entered into a placing agreement with President Securities (Hong Kong) Limited (the "Placing Agent 2"), pursuant to which the Company conditionally agreed to place, through the Placing Agent 2, up to a maximum of 200,000,000 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent placees at a price of HK$0.242 per Placing Share (the "Placing 2").

The closing price per ordinary share as quoted on the Stock Exchange on 8 December 2014, being the date of the placing agreement was HK$0.255. The net price for each Placing Share was approximately HK$0.237.

The Placing 2 was completed on 23 December 2014. An aggregate of 73,500,000 Placing Shares has been successfully placed to not less than six placees at a price of HK$0.242 per Placing Share, raising gross proceeds of HK$17.79 million. The net proceeds from the Placing 2 amounted to approximately HK$17.38 million which would be used for general working capital of the Group.

Details of the above transaction were published in the Company's announcements dated 8 December 2014, and 23 December 2014.

(3) On 27 March 2015, the Company entered into a subscription agreement whereby the Company has conditionally agreed to issue and allot a total of 1,000,000,000 subscription shares at HK$0.1705 per share to an independent third party.

Details of the above subscription were published in the Company's announcement on 27 March 2015.

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 2014, the Audit Committee comprises three members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin and Mr. Deng Xiang, who are all the independent non-executive directors of the Company.

The Audit Committee has reviewed with the management and independent auditors the audited consolidated annual results of the Group for the year ended 31 December 2014.

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 2014, the Remuneration Committee comprises three members, namely Mr. Wu Fred Fong as the Chairman, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji, who are all the independent non-executive directors of the Company. The major responsibility of Remuneration Committee is to review and determine the remuneration policy and other remuneration related matters of the directors and the senior management of the Group.

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference based on terms no less exacting than the required standard in the CG Code as set out in Appendix 14 of the Listing Rules. As at 31 March 2015, the Nomination Committee comprises five members, including two executive directors of the Company, namely Mr. Cheng Yuanzhong as the Chairman, Mr. Ho Wai Kong and three independent non-executive directors of the Company, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji. The major responsibility of Nomination Committee is to make recommendations to the board of the Company regarding candidates to fill vacancies of the Board.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, the Company issued a total of 7,975,010,188 fully paid ordinary shares upon conversion of the preferred shares of the Company (the "Preferred Shares"). During the year, there were increases in the issued share capital of the Company through the following issuance of ordinary shares of the Company:

1) issuance of 20,000,000 new ordinary shares upon conversion of preferred shares; and

2) issuance of 698,888,000 new ordinary shares at a price of HK$0.36 per share and issuance of 73,500,000 new ordinary shares at a price of HK$0.242 per share under placing.

The total number of issued share capital of the Company as at 31 December 2014 was 12,083,730,780 ordinary shares.

Subsequent to the year end, the Company entered into a Subscription agreement to issue and allot a total of 1,000,000,000 Subscription Shares at HK$0.1705 per share to an independent third party.

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

CORPORATE GOVERNANCE PRACTICES

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

APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE

The Board is pleased to announce that with effect from 31 March 2015, Mr. Shen Shaoji, independent non-executive director of the Company, has been appointed as the member of the nomination committee of the Company.

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

Hong Kong, 31 March 2015

At the date of this announcement, the Board comprises eight executive Directors, namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Yan Wei (Chief Executive), Mr. Wong Wei Kit, Mr. Zhang Zhongmin, Mr. Yang Lei, Mr. Peng Zhiyong and Mr. Zheng Jinwei; one non-executive Director, namely Mr. Wang Ning; and five independent non-executive Directors, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Shen Shaoji, Mr. Deng Xiang and Ms. He Qian.

* *The English name is for identification purpose only*