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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of China Public Procurement Limited (the "**Company**") announces the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 (the "**Period**") with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	4	**12,376**	8,368
Cost of sales		**(2,649)**	(4,269)
Gross profit		**9,727**	4,099
Other income and gains	5	**2,914**	1,159
Administrative expenses		**(29,563)**	(25,740)
Impairment loss of amounts due from an ex-substantial shareholder and its subsidiaries		**—**	(69,621)
Impairment loss of deposit paid for potential acquisition of a subsidiary		**—**	(15,000)
Impairment loss of loan receivables		**—**	(40,203)
Impairment loss of trade and other receivables		**—**	(36,401)
Loss on early redemption of convertible bonds		**—**	(3,994)
Reversal of impairment loss of amounts due from a subsidiary of an ex-substantial shareholder		**737**	—
Reversal of impairment loss of trade and other receivables		**—**	9,983

	Notes	Six months ended 30 June **2018** ***HK$'000*** **(Unaudited)**	 2017 *HK$'000* (Unaudited) (Restated)
Loss from operations		**(16,185)**	(175,718)
Finance costs	6	**(1,929)**	(3,627)
Loss before tax		**(18,114)**	(179,345)
Income tax credit	7	**1,161**	—
Loss for the period	8	**(16,953)**	(179,345)
Attributable to:			
Owners of the Company		**(15,611)**	(175,565)
Non-controlling interests		**(1,342)**	(3,780)
		(16,953)	(179,345)
Loss per share	9		
Basic (HK cents per share)		**(0.96)**	(13.07)
Diluted (HK cents per share)		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Loss for the period	**(16,953)**	(179,345)
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity investments at fair value through other comprehensive income ("**FVTOCI**")	**(3,038)**	—
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(2,749)**	6,875
Other comprehensive income for the period, net of tax	**(5,787)**	6,875
Total comprehensive income for the period	**(22,740)**	(172,470)
Attributable to:		
Owners of the Company	**(21,486)**	(168,690)
Non-controlling interests	**(1,254)**	(3,780)
	(22,740)	(172,470)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**2,666**	3,442
Prepaid land lease payments		**4,433**	4,544
Investment properties		**275,381**	279,052
Intangible assets		**10,604**	10,813
Available-for-sale financial assets		**—**	4,871
Equity investments at FVTOCI		**1,877**	—
Total non-current assets		**294,961**	302,722
Current assets			
Prepaid land lease payments		**101**	102
Inventories — raw materials		**409**	480
Contract assets		**2,205**	—
Trade and other receivables	12	**17,647**	21,312
Loan receivables	13	**24,889**	25,221
Financial assets at fair value through profit or loss ("**FVTPL**")		**3,556**	4,564
Current tax assets		**—**	617
Pledged bank deposits		**94,816**	96,080
Bank and cash balances		**31,875**	43,270
Total current assets		**175,498**	191,646
TOTAL ASSETS		**470,459**	494,368

	Notes	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Share capital	14	**174,490**	161,152
Reserves		**58,804**	74,583
Equity attributable to owners of the Company		**233,294**	235,735
Non-controlling interests		**(6,331)**	(6,073)
Total equity		**226,963**	229,662
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	15	**37,926**	40,834
Deferred income		**4,874**	5,090
Deferred tax liabilities		**40,100**	42,383
Total non-current liabilities		**82,900**	88,307
Current liabilities			
Bank and other borrowings	15	**4,741**	13,211
Trade and other payables	16	**114,841**	125,818
Contract liabilities		**3,986**	—
Amounts due to an ex-substantial shareholder and its subsidiaries	17	**2,781**	2,816
Current tax liabilities		**34,247**	34,554
Total current liabilities		**160,596**	176,399
TOTAL EQUITY AND LIABILITIES		**470,459**	494,368
Net current assets		**14,902**	15,247
Total assets less current liabilities		**309,863**	317,969

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(18,114)**	(179,345)
Depreciation	**739**	2,282
Equity-settled share-based payments	**454**	2,029
Impairment loss of amounts due from an ex-substantial shareholder and its subsidiaries	**—**	69,621
Impairment loss of deposit paid for potential acquisition of a subsidiary	**—**	15,000
Impairment loss of loan receivables	**—**	40,203
Impairment loss of trade and other receivables	**—**	36,401
Loss on early redemption of convertible bonds	**—**	3,994
Reversal of impairment loss of trade and other receivables	**—**	(9,983)
Other operating activities	**4,723**	7,440
NET CASH USED IN OPERATING ACTIVITIES	**(12,198)**	(12,358)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans advanced	**(14,749)**	—
Loans refunded	**14,749**	—
Other investing activities	**82**	(492)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**82**	(492)

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	**—**	30,623
Repayment of bank and other borrowings	**(11,062)**	(8,465)
Redemption of convertible bonds	**—**	(28,855)
Proceeds from issue of shares	**13,338**	—
Other financing activities	**(1,929)**	(3,434)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**347**	(10,131)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(11,769)**	(22,981)
Effect of foreign exchange rate changes	**374**	215
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**43,270**	37,860
CASH AND CASH EQUIVALENTS AT 30 JUNE	**31,875**	15,094
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**31,875**	15,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 1802, 18/F, No. 88 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are provision of public procurement services, trading of different products, development of software, provision of maintenance services and leasing of the Group's investment properties located in Wuhan, Hubei Province, the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

These condensed consolidated financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017 except as stated below.

The Group incurred a net loss and net operating cash outflows of approximately HK$16,953,000 and HK$12,198,000, respectively, during the six months ended 30 June 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in normal course of business.

In order to improve the Group's financial position, liquidity and cash flows, the Directors have adopted or in the process of adopting the following measures:

(a) The Group has been taking stringent cost controls; and

(b) The Group has obtained the credit facilities of RMB80,000,000 (equivalent to approximately HK$94,816,000) from a bank in the PRC by pledging the Group's non-current assets. As at 30 June 2018, the loan from the bank amounted to RMB36,000,000 (equivalent to approximately HK$42,667,000).

Taking into account the above measures and after assessing the Group's current and future cash flow positions, the directors of the Company are satisfied that the Group will be able to meet their financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of assets to their estimated recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**"), and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's condensed consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group was elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses of the current period.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI or FVTPL; and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income and gains. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and gains and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income and gains in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income and gains in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets	*Notes*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Equity investments	(a)	Available-for-sale	FVTOCI	4,871	4,871
Trade and other receivables		Loans and receivables	Amortised cost	21,312	21,312
Loan receivables		Loans and receivables	Amortised cost	25,221	25,221
Structured deposits	(b)	FVTPL	FVTPL	4,564	4,564

The impact of these changes on the Group's equity is as follows:

	Note	**Effect on investment revaluation reserve for available-for-sale financial assets** *HK$'000*	**Effect on FVTOCI reserve** *HK$'000*
Opening balance — HKAS 39		(1,093)	—
Reclassify non-trading equity investments from available-for-sale to financial assets at FVTOCI	(a)	1,093	(1,093)
Total impact		1,093	(1,093)
Opening balance — HKFRS 9		—	(1,093)

Notes:

(a) These equity investments represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by HKFRS 9, the Group has designated these investments at the date of initial application as measured at FVTOCI. As a result, assets with a fair value of approximately HK$4,871,000 were reclassified from available-for-sale financial assets to financial assets at FVTOCI and fair value losses of approximately HK$1,093,000 were reclassified from the investment revaluation reserve for available-for-sale financial assets to the FVTOCI reserve on 1 January 2018. Unlike HKAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Structured deposits that were previously classified as FVTPL were continued to be classified as FVTPL since the contractual cash flows do not consist solely of payments of principal and interest on the principal amount outstanding.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has adopted HKFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under HKAS 18, HKAS 11 and related interpretations.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies.

(a) Revenue from the public procurement business

In prior reporting periods, revenue from the provision of public procurement services is generally recognised when the significant risks and rewards of ownership transferred, which generally coincided with the time when the goods or services are passed or rendered to customers.

As there is no identified contract meeting the criteria in HKFRS 15, revenue from the provision of public procurement services is now recognised when the consideration is received and is non-refundable, and goods or services have been transferred to the customer and the Group has no remaining obligations to perform.

(b) Revenue from the corporate IT solution business

The Group's provision of corporate IT solution services mainly includes sales of software, grant of right to use its developed software and provision of maintenance and supporting services. In prior reporting periods, revenue from the sales of software is generally recognised when the significant risks and rewards of ownership transferred, which generally coincided with the time when the goods are passed to and accepted by customers. Revenue from the grant of right for customers to use its developed software for specific period of time and the provision of maintenance and supporting services would be recognised over time.

Contracts for the sales of software and grant of right to use its developed software generally include multiple deliverables, such as the delivery of software, installation services, training services, maintenance and supporting services, warranty services and software upgrade services. These services each meet the criteria of distinct under HKFRS 15 and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The revenue from the above services each would be recognised over time when the performance obligation is satisfied.

If contracts for the sales of software include the above services, revenue for the software is now recognised at a point in time when the software is passed to and accepted by customers.

If contracts for the grant of right to use its developed software include the above services, revenue from the right is now recognised over time if the right is not distinct from other promised goods or services. Otherwise, the right is recognised at a point in time when the software is passed to and accepted by customers.

Revenue from the provision of maintenance and supporting services would continue to recognise over time when the services are rendered.

Set out below is the impact of the adoption of HKFRS 15 on the Group.

The following table summarises the impact on the Group's opening accumulated losses and foreign currency translation reserve as at 1 January 2018 is as follows:

	Effect on accumulated losses	**Effect on foreign currency translation reserve**	**Total**
	HK$000	*HK$'000*	*HK$'000*
Provision for public procurement services	671	26	697
Provision for corporate IT solution services	1,468	56	1,524
Adjustment to accumulated losses/ foreign currency translation reserve from adoption of HKFRS 15 on 1 January 2018	2,139	82	2,221
Attributable to:			
Owners of the Company	1,180	45	1,225
Non-controlling interests	959	37	996
	2,139	82	2,221

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18, HKAS 11 and related interpretations that was previously in effect before the adoption of HKFRS 15 is as follows:

Condensed consolidated statement of financial position (extract)	**Previously stated as at 31 December 2017**	**Adjustments under HKFRS 15**	**Restated as at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Contract assets	—	2,081	2,081
Trade and other payables	125,818	(5,174)	120,644
Contract liabilities	—	5,034	5,034
Accumulated losses	7,266,725	(1,180)	7,265,545
Non-controlling interests	6,073	(996)	5,077
Foreign currency translation reserve	152,075	45	152,120

The amount by each financial statements line items affected in the current period and period to date by the application of HKFRS 15 as compared to HKAS 18, HKAS 11 and related interpretations that was previously in effect before the adoption of HKFRS 15 is as follows:

As at 30 June 2018	**As reported**	**Effect of the adoption of HKFRS 15**	**Amounts without adoption of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position (extract)			
Contract assets *(Note)*	2,205	(2,205)	—
Trade and other payables *(Note)*	114,841	3,114	117,955
Contract liabilities *(Note)*	3,986	(3,986)	—
Accumulated losses	7,280,590	683	7,281,273
Non-controlling interests	6,331	604	6,935
Foreign currency translation reserve	149,283	(46)	149,237

Six months ended 30 June 2018	As reported *HK$'000*	Effect of the adoption of HKFRS 15 *HK$'000*	Amounts without adoption of HKFRS 15 *HK$'000*
Condensed consolidated statement of profit or loss (extract)			
Revenue	12,376	987	13,363
Cost of sales	2,649	117	2,766

Note:

Contract assets recognised in relation to corporate IT solution business were contract costs previously incurred of which the corresponding revenue has not yet been recognised.

Contract liabilities for progress billing recognised in relation to corporate IT solution business were previously presented as trade and other payables. Reclassifications were made as at 1 January 2018 to be consistent with the terminology under HKFRS 15.

4. REVENUE AND SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic and operating decisions.

The Group has four operating segments as follows:

Public procurement	—	provision of public procurement services
Trading business	—	trading of different products
Provision of corporate IT solution	—	development of software and provision of maintenance services to customers
Rental income	—	leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

(a) Segment revenues and results

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

For the six months ended 30 June 2018

	Public procurement *HK$'000* (Unaudited)	Trading business *HK$'000* (Unaudited)	Provision of corporate IT solution *HK$'000* (Unaudited)	Rental income *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue	3,006	–	4,649	4,721	12,376
Segment profit	2,084	–	3,229	4,414	9,727
Administrative expenses					(29,563)
Finance costs					(1,929)
Other income and gains					2,914
Reversal of impairment loss of amounts due from a subsidiary of an ex-substantial shareholder					737
Consolidated loss before tax					(18,114)

As at 30 June 2018

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	9,696	2,267	3,816	275,797	291,576
Segment liabilities	3,140	421	3,877	1,921	9,359

For the six months ended 30 June 2017

	Public procurement *HK$'000* (Unaudited)	Trading business *HK$'000* (Unaudited)	Provision of corporate IT solution *HK$'000* (Unaudited)	Rental income *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited) (Restated)
Segment revenue	2,299	—	1,265	4,804	8,368
Segment profit/(loss)	510	—	(751)	4,340	4,099
Administrative expenses					(25,740)
Finance costs					(3,627)
Impairment loss of amounts due from an ex-substantial shareholder and its subsidiaries					(69,621)
Impairment loss of deposit paid for potential acquisition of a subsidiary					(15,000)
Impairment loss of loan receivables					(40,203)
Impairment loss of trade and other receivables					(36,401)
Loss on early redemption of convertible bonds					(3,994)
Other income and gains					1,159
Reversal of impairment loss of trade and other receivables					9,983
Consolidated loss before tax					(179,345)

As at 31 December 2017

	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	9,884	10,197	2,057	279,419	301,557
Segment liabilities	4,720	427	4,735	1,504	11,386

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**1,425**	198
Gains on disposals of financial assets at FVTPL	**155**	—
Government grants — amortisation of deferred income	**154**	142
Government grants *(Note)*	**71**	—
Interest income on loan receivables	**846**	—
Sundry income	**263**	819
	2,914	1,159

Note: The government grants represented financial subsidies for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities in the PRC.

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowing	**1,255**	303
Interest on convertible bonds	**—**	2,134
Interest on other borrowings	**674**	1,190
	1,929	3,627

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
Underprovision in prior years	**629**	—
Deferred tax — PRC	**(1,790)**	—
	(1,161)	—

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

Pursuant to relevant laws and regulations in the PRC, the PRC Enterprise Income Tax rate of subsidiaries registered in the PRC is 25% (six months ended 30 June 2017: 25%).

8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Staff costs		
— Directors' emoluments (excluding equity-settled share-based payments)	**2,743**	1,394
— Salaries, bonuses and allowances	**11,833**	11,152
— Retirement benefits scheme contributions	**1,034**	853
— Equity-settled share-based payments	**—**	2,029
Total staff costs	**15,610**	15,428
Amortisation of intangible assets (included in administrative expenses)	**69**	64
Depreciation	**739**	2,282
Equity-settled share-based payments *(Note)*	**454**	2,029
Loss on disposals of property, plant and equipment	**4**	—
Operating leases charges — land and buildings	**1,947**	1,665

Note: Equity-settled share-based payments includes HK$Nil (unaudited) (six months ended 30 June 2017: approximately HK$2,029,000 (unaudited)) which is also included in the staff costs separately presented.

9. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK$15,611,000 (unaudited) (six months ended 30 June 2017: approximately HK$175,565,000 (unaudited)) and the weighted average number of ordinary shares of approximately 1,633,624,000 (unaudited) (six months ended 30 June 2017: approximately 1,342,931,000 (unaudited)) in issue during the period.

Diluted loss per share

There was no dilutive potential ordinary shares for the Company's share options for the six months ended 30 June 2018 and 2017.

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, additions to the Group's property, plant and equipment were approximately HK$61,000 (unaudited) (six months ended 30 June 2017: approximately HK$23,000 (unaudited)).

12. TRADE AND OTHER RECEIVABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**4,197**	8,873
Other receivables	**4,066**	2,548
Compensation income receivable	**8,473**	8,473
Allowance for compensation income receivable	**(8,473)**	(8,473)
	—	—
Prepayments for goods	**68,168**	72,598
Allowance for prepayments for goods	**(68,083)**	(68,884)
	85	3,714
Other prepayments	**14,466**	12,107
Allowance for other prepayments	**(6,811)**	(6,835)
	7,655	5,272
Deposits	**1,644**	905
	17,647	21,312

Reconciliation of allowance for trade and other receivables:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At the beginning of the period/year	**84,192**	98,726
Allowance for the period/year	**—**	38,961
Amounts written off	**—**	(43,297)
Reversals	**—**	(10,183)
Exchange differences	**(825)**	(15)
At the end of the period/year	**83,367**	84,192

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

For trading business, the Group generally grants a credit period of 30 days to customers. Rental income is paid in accordance with the terms of respective agreements. For provision of public procurement services and corporate IT solution services, the Group mainly requires customers to pay certain of the contract sum in advance and settle the remaining balances within 30 days from the date of acceptance. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**1,172**	2,332
91 to 180 days	**263**	57
181 to 365 days	**235**	—
Over 365 days	**2,527**	6,484
	4,197	8,873

13. LOAN RECEIVABLES

Loan receivables represented advances to independent third parties.

As at 30 June 2018, loan receivables included a loan of HK$100,000,000 (unaudited) (31 December 2017: HK$100,000,000 (audited)) of which accumulated impairment of HK$100,000,000 (unaudited) (31 December 2017: HK$100,000,000 (audited)) was made. The loan was unsecured, interest-free, repayable in June 2015 and correlated to a cooperation arrangement with an independent third party. Pursuant to the cooperation arrangement, the independent third party had undertaken to engage the Group for procurement services for a transaction volume of not less than RMB950 million during the year ended 31 December 2014 at an agreed service charge of 1.5%. Further details of such were set out in the Company's announcements dated 5 June 2014.

As at 30 June 2018, loan receivables of approximately HK$24,889,000 (unaudited) (31 December 2017: approximately HK$25,221,000 (audited)) are unsecured, with monthly interest rate from 0.5% to 0.6% (unaudited) (31 December 2017: 0.5% (audited)) and repayable within one year.

The loan receivables of approximately HK$4,148,000 (unaudited) (31 December 2017: approximately HK$13,211,000 (audited)) are due from a company that is majority-owned by Mr. Zhang Jianguo, a non-executive director of the Company appointed on 19 July 2018. On 8 August 2018, the balance has been repaid.

14. SHARE CAPITAL

	Notes	**Number of shares** *'000*	**Amount** *HK$'000*
Ordinary shares, authorised:			
At 1 January 2017 (HK$0.01 each)		20,000,000	200,000
Share consolidation	(a)	(18,000,000)	—
At 31 December 2017 (audited), 1 January 2018 and 30 June 2018 (unaudited) (HK$0.1 each)		2,000,000	200,000
Ordinary shares, issued and fully paid:			
At 1 January 2017 (HK$0.01 each)		13,429,312	134,293
Share consolidation	(a)	(12,086,381)	—
Issue of shares by subscription (HK$0.1 each)	(b)	268,586	26,859
At 31 December 2017 (audited) and 1 January 2018 (HK$0.1 each)		1,611,517	161,152
Issue of shares on share option scheme (HK$0.1 each)	(c)	133,380	13,338
At 30 June 2018 (unaudited) (HK$0.1 each)		1,744,897	174,490

Notes:

(a) On 10 August 2017, a special resolution was passed at a special general meeting to consolidate every 10 shares in the authorised and issued share capital of the Company of HK$0.01 each into one consolidated share of HK$0.1 each. The share consolidation had become effective on 11 August 2017 and the authorised and issued share capital of the Company was consolidated into 2,000,000,000 shares and 1,342,931,000 shares of HK$0.1 each respectively.

(b) On 14 November 2017, 268,586,000 ordinary shares of the Company of HK$0.1 each were issued at HK$0.237 per share. The premium on the issue of shares, amounting to approximately HK$36,448,000, net of direct issue costs of approximately HK$348,000, was credited to the Company's share premium account.

(c) On 1 June 2018, 133,380,000 ordinary shares of the Company of HK$0.1 each were issued upon exercise of share options on 31 May 2018 at an exercise price of HK$0.1 per share.

15. BANK AND OTHER BORROWINGS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank borrowing	**42,667**	45,638
Other borrowings	**—**	8,407
	42,667	54,045

The borrowings are repayable as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**4,741**	13,211
More than one year, but not exceeding two years	**4,741**	4,804
More than two years, but not exceeding five years	**14,222**	14,412
More than five years	**18,963**	21,618
	42,667	54,045
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(4,741)**	(13,211)
Amount due for settlement after 12 months	**37,926**	40,834

The carrying amounts of the Group's borrowings are denominated in RMB.

The effective interest rates of borrowings were as follows:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank borrowing	**5.39%**	5.39%
Other borrowings	**N/A**	30%

Bank borrowing is secured by a charge over the Group's property, plant and equipment, prepaid land lease payments, part of investment properties, trade receivables and bank and cash balances.

As at 31 December 2017, other borrowings were secured by a charge over the Group's part of investment properties and available-for-sale financial assets.

16. TRADE AND OTHER PAYABLES

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Trade payables *(Note a)*	**169**	171
Bills payables *(Note b)*	**94,816**	96,080
Accruals	**7,092**	9,760
Security deposits	**675**	2,077
Receipt in advance	**830**	5,450
Other payables	**9,191**	10,184
Payables for acquisition of intangible assets	**2,068**	2,096
	114,841	125,818

Notes:

(a) The average credit period on purchases of goods ranges from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Over 365 days	**169**	171

(b) During year ended 31 December 2017, the Group issued bills payables of approximately HK$96,080,000. Bills payables of approximately HK$48,040,000 would be matured on 13 September 2018 while the remaining bills payables would be matured on 15 September 2018.

17. AMOUNTS DUE TO AN EX-SUBSTANTIAL SHAREHOLDER AND ITS SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

18. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged or charged the following assets to secure the credit facilities granted by bank and independent third parties:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment — building	**1,522**	1,587
Prepaid land lease payments	**4,534**	4,646
Investment properties	**236,417**	279,052
Available-for-sale financial assets	**—**	4,871
Trade receivables — rental receivables	**416**	367
Pledged bank deposits	**94,816**	96,080
Bank and cash balances	**4,242**	2,598
	341,947	389,201

19. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Acquisition of intangible assets	**8,057**	8,164
Further capital injection to an associate	**20,385**	20,657
	28,442	28,821

20. LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Within one year	**3,889**	1,892
In the second to fifth years inclusive	**1,481**	549
	5,370	2,441

Operating lease payments represent rentals payable by the Group for certain of its offices premises and staff quarters. Leases are negotiated for terms ranging from six months to three years and rentals are fixed over the lease terms and do not include contingent rentals.

The Group as lessor

Property rental income earned during the period was approximately HK$4,721,000 (unaudited) (six months ended 30 June 2017: approximately HK$4,804,000 (unaudited)).

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Within one year	**7,614**	7,618
In the second to fifth years inclusive	**6,002**	5,915
	13,616	13,533

21. RELATED PARTY TRANSACTIONS

The key management personnel represented solely the directors of the Company and the compensation paid to them is disclosed in Note 8.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

During the Period, the Group continued to develop and operate electronic trading platforms for government procurement, electronic procurement platforms for state-owned enterprises, as well as universities and colleges. During the Period, the Group continued to operate electronic procurement platforms for government procurement in Hubei Province, Hainan Province, Inner Mongolia Autonomous Region and Qinghai Province, as well as the procurement management platform for Tianjin City. Meanwhile, the Group commenced the operation of procurement trading platforms for new customers such as governments of Weihai City of Shandong Province, Xiangfan City of Hubei Province and Jingmen City of Hubei Province, launched the value-added services such as electronic key and electronic seal, and began to provide financial services including financing and loans for suppliers. In addition, procurement systems for seven universities including Wuhan Textile University and Central China Normal University developed by the Group were put into operation, achieving a transaction volume exceeding HK$200,000,000.

The functions of the procurement platform developed by the Group became more advanced, both the number of users who used the platform to carry out procurement and the number of suppliers increased significantly, and technical service income and value-added service income achieved growth.

The investment properties of the Group, a commercial building, are located in Donghu New Technological Development Area, Wuhan City, Hubei Province, the PRC. The recurring rental income generated from the investment properties provided stable cash inflows to the Group and funded part of the operation and development expenses of the Group.

(II) FINANCIAL REVIEW

Operational Performance

1. Revenue

Revenue for the Period was HK$12,376,000, representing an increase of HK$4,008,000 or 47.9% as compared to HK$8,368,000 for the same period of last year.

The revenue included revenue from public procurement of HK$3,006,000, accounting for 24.3% of the total revenue; revenue from provision of corporate IT solution of HK$4,649,000, accounting for 37.6% of the total revenue; and rental income of HK$4,721,000, accounting for 38.1% of the total revenue.

2. Cost of Sales

Cost of sales for the Period was HK$2,649,000, representing a decrease of HK$1,620,000 or 37.9% as compared to HK$4,269,000 for the same period of last year. Cost of sales mainly comprised technical staff cost, relevant fixed assets depreciation, cost of authentication key and utility incurred by leased properties. The decrease was mainly due to the substantially decreased costs in provision of corporate IT solution.

3. Gross Profit

Gross profit for the Period was HK$9,727,000, representing an increase of HK$5,628,000 or 1.37 times as compared to HK$4,099,000 for the same period of last year. Gross profit margin for the period was 78.6%, representing an increase of 29.6 percentage point as compared to the gross profit margin of 49.0% for the same period of last year. The increase in gross profit margin was mainly due to the substantially increase in revenue and effective cost control on cost of sales.

4. Other Income and Gains

Other income and gains for the Period was HK$2,914,000, representing an increase of HK$1,755,000 or 1.51 times as compared to HK$1,159,000 for the same period of last year. Other income and gains mainly comprised of interest income and government grants. The increase in other income and gains was primarily due to the increase in interest income from bank and loan receivables.

5. *Administrative Expenses*

The administrative expenses for the Period was HK$29,563,000, representing an increase of HK$3,823,000 or 14.9% as compared to HK$25,740,000 for the same period of last year. The administrative expenses mainly comprised of staff cost and benefits, office expenses, rental and professional fees. The administrative expenses increased were mainly due to the increase in staff cost and professional fee.

6. *Finance Costs*

Finance costs for the Period was HK$1,929,000, representing a decrease of HK$1,698,000 or 46.8% as compared to HK$3,627,000 for the same period of last year. The finance costs mainly comprised of interests on bank and other borrowings. The decrease was mainly due to no interest expenses incurred in the Period for the convertible bonds issued in December 2016 and redeemed in June 2017.

7. *Income Tax Credit*

Income tax credit for the Period amounted to HK$1,161,000. The credit amount was mainly arising from the entitlement of additional tax allowance of land appreciation tax on our commercial building located in Wuhan City, Hubei Province, PRC.

8. *Loss for the Period*

The loss for the Period was HK$16,953,000, representing a decrease of HK$162,392,000 or 90.5% as compared to HK$179,345,000. The loss decreased substantially was primarily due to there was no impairment loss provision during the Period.

Financial Position

1. *Liquidity and capital resources*

As at 30 June 2018, the Group maintained cash and bank balances of HK$31,875,000, representing a decrease of HK$11,395,000 or 26.3% as compared to HK$43,270,000 as at 31 December 2017. During the Period, the net cash used in operating activities amounted to HK$12,198,000; the cash flows generated from investing activities amounted to HK$82,000; the net cash generated from financing activities amounted to HK$347,000.

2. *Capital structure*

At the end of the Period, the total assets of the Group amounted to HK$470,459,000, the total equity amounted to HK$226,963,000, the total liabilities amounted to HK$243,496,000. The assets-liabilities ratio (total assets over total liabilities) was 1.93:1 (31 December 2017: 1.87:1). The current debt ratio (current assets over current liabilities) was 1.09:1 (31 December 2017: 1.09:1).

3. *Pledge of Assets*

As at 30 June 2018, the total pledged assets of the Group amounted to HK$341,947,000: mainly investment properties pledged for a credit facility of RMB80,000,000 (equivalent to approximately HK$94,816,000) from a bank in PRC. As at the end of the Period, the loan from the bank amounted to RMB36,000,000 (equivalent to approximately HK$42,667,000); and bank deposits pledged for bills payables.

4. *Capital Commitments and Contingent Liabilities*

As at 30 June 2018, the capital commitment of the Group was HK$28,442,000. Such commitment was mainly related to the acquisition of intangible assets and further capital injection to an associate.

The Group did not have any contingent liabilities as at 30 June 2018.

(III) OTHER ISSUES

1. Capital Structure

On 25 May 2018, a total of 133,380,000 share options (the "**Share Options**") to subscribe for 133,380,000 Shares of par value of HK$0.1 each of the Company were granted by the Company under the share option scheme approved and adopted by the Company on 13 June 2013 (the "**Share Option Scheme**"). The Share Options have been exercised and 133,380,000 Shares have been issued on 1 June 2018.

As at 30 June 2018, the Company's issued ordinary share capital was HK$174,489,725 divided into 1,744,897,254 shares of HK$0.1 each ("**Shares**") (31 December 2017: HK$161,151,725 divided into 1,611,517,254 shares of HK$0.1 each).

2. Foreign Exchange Exposure

For the six months ended 30 June 2018, the Group mainly earned revenue in RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future. However, any permanent or significant changes in RMB against HK$ may have impact on the Group's results and financial positions.

3. Staff and Remuneration Policy

The Group determines staff remuneration in accordance with market terms, individual qualifications and performances. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 30 June 2018, the Group employed approximately 130 employees, and the total remuneration of employees (including the Directors) was approximately HK$15,610,000. The Company maintains a share options scheme, pursuant to which share options are granted to selected Directors or employees of the Group, with a view to attract and retain quality personnel and to provide them with incentive to contribute to the business and operations of the Group.

4. Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

5. Change of Auditors

SHINEWING (HK) CPA Limited ("**SHINEWING**"), resigned as the auditors of the Company with effect from 29 January 2018, as the Company cannot reach a mutual agreement with SHINEWING on the audit fee for the financial year ended 31 December 2017. Please refer to the announcement of the Company dated 29 January 2018 for details. RSM Hong Kong has been appointed as the new auditors of the Company to fill the casual vacancy with effect from the conclusion of the special general meeting of the Company held on 15 February 2018 and to hold office until the conclusion of the next annual general meeting of the Company.

6. Refreshment of the Scheme Limit under the Share Option Scheme

On 29 June 2018, the refreshment of the 10% scheme limit of the Share Option Scheme (the "**Scheme Limit**") has been approved by the shareholders at the annual general meeting of the Company. After the approval of the refreshed Scheme Limit, the Company is allowed to issue the total of 174,489,725 options under the Share Option Scheme, representing approximately 10% of the total number of issued Shares as at the date of this announcement.

(IV) BUSINESS PROSPECTS

The Chinese Government expedited the entry into the Government Procurement Agreement (GPA), which means that the electronic government procurement platform will be the development direction of the government procurement in future. A public resources trading platform with government procurements, bidding and tendering process of construction projects and state-owned property right transaction as the core have been established all over the country. Apart from the government, universities and colleges, public hospitals, state-owned enterprises and social organizations are also trying to use the electronic platforms in the procurement of materials and services. After years of brand development, products research and market development, the Company is well positioned in the market and has made a solid foundation for the rapid development of business in the future.

Since 2018, by leveraging on the market strength of online public procurement, the Group has focused on the development of the three key products, i.e. "government procurement trading platform", "electronic procurement platform for colleges and universities" and "electronic procurement platform for enterprises", in order to rapidly expand the market share of the Group. Meanwhile, the Company has provided valuable services for purchasers and suppliers, including supply chain financing, procurement information customization, price monitoring, bidding and tendering cooperation and market analysis and consultancy by collecting, screening, processing and analyzing various transaction information through the trading system, and developed more value-added service programs based on big data, in order to further consolidate the leading position of the Group in the public procurement field.

At present, large-scale state-owned enterprises have strong demands for the electronic procurement platform. The Company is currently participating in the formulation of the *Regulations on the Procurement Technology of State-owned Enterprises*, in order to achieve a higher position in the industry, and strengthen the promotion among state-owned enterprises. It is predicted that the electronic procurement business of state-owned enterprises will become an important growth point of the Company in the next two years.

CORPORATE GOVERNANCE

1. Change of Directors

On 29 June 2018, Miss Ng Weng Sin retired as a Director at the Annual General Meeting and decided not to offer herself for re-election.

On 19 July 2018, Mr. Zhang Jianguo and Mr. Xu Peng were appointed as non-executive Directors.

On 29 July 2018, Ms. Wong Yan Ki, Angel resigned as an independent non-executive Director and ceased to be the chairman of the audit committee of the Company (the "**Audit Committee**").

2. Compliance with the Corporate Governance Code

During the Period, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") except for the following deviations.

According to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Being aware of the said deviation from code provision A.2.1, but in view of the current rapid development of the Group, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive in Mr. Zheng Jinwei can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the Shareholders will be adequately and fairly represented. The Company will seek to re-comply with code provision A.2.1 by identifying and appointing a suitable and qualified candidate to the position of the chief executive in future.

On 29 July 2018, Ms. Wong Yan Ki, Angel tendered her resignation as (i) an independent non-executive Director; and (ii) ceased to be the chairman of the Audit Committee with effect from 29 July 2018 due to her other personal commitments. As a result, with effect from 29 July 2018, the Company only had two independent non-executive Directors, and the compositions of its Board and the Audit Committee fell below the applicable requirements under Listing Rules and/or the applicable code provisions of the CG Code. The Company will endeavor to re-comply with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules as soon as possible.

3. Audit Committee

As at the date of this announcement, the Audit Committee comprises two members, namely, Mr. Chen Limin and Mr. Deng Xiang. Mr. Chen Limin is a non-executive Director whereas Mr. Deng Xiang is an independent non-executive Director. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management in respect to the financial reporting matters, including review of the unaudited interim results of the Group for the six months ended 30 June 2018, and is of the opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

4. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the six months ended 30 June 2018.

5. Appointment of Compliance Adviser

The Company has appointed Anglo Chinese Corporate Finance, Limited as the compliance adviser of the Company on an on-going basis for consultation on compliance with the Listing Rules pursuant to Rule 3A.20 of the Listing Rules for a period of two years with effect from 10 May 2018.

DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Zheng Jinwei
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zheng Jinwei (Chairman and Chief Executive), Mr. Ho Wai Kong (Honorary Chairman) and Ms. He Qian; three non-executive Directors, namely Mr. Chen Limin, Mr. Zhang Jianguo and Mr. Xu Peng; and two independent non-executive Directors, namely, Mr. Deng Xiang and Mr. Jiang Jun.