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

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of China Public Procurement Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 derived from the unaudited consolidated management accounts of the Company, together with the comparative audited figures for the year ended 31 December 2018.

For the reasons explained in the paragraph headed "Review of Unaudited Results" in this announcement, the auditing process of the annual results of the Group for the year ended 31 December 2019 has not been completed and the Company is unable to publish an annual results announcement that has been agreed with the Company's auditors by 31 March 2020 in accordance with Rule 13.49 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Audited)
Revenue	*3*	**73,324**	68,289
Cost of sales		**(51,536)**	(45,471)
Gross profit		**21,788**	22,818
Other income and gains	*4*	**12,992**	6,579
Administrative expenses		**(46,907)**	(55,553)

	Note	**2019**	2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Reversal of/(impairment loss) for trade and other receivables		**185**	(665)
Reversal of impairment loss for amounts due from an ex-substantial shareholder and its subsidiaries		**2,726**	710
Reversal of impairment loss for loan receivables, net		**2,174**	4,876
Write-off of other prepayments		**—**	(26)
Loss from operations		**(7,042)**	(21,261)
Finance costs	*5*	**(2,121)**	(3,009)
Loss before tax		**(9,163)**	(24,270)
Income tax (expenses)/credit	*6*	**(2,877)**	492
Loss for the year	*7*	**(12,040)**	(23,778)
Attributable to:			
Owners of the Company		**(12,519)**	(24,402)
Non-controlling interests		**479**	624
		(12,040)	(23,778)
Loss per share	*9*		
Basis (HK cents per share)		**(6.60)**	(14.44)
Diluted (HK cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(12,040)**	(23,778)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**3,113**	(1,444)
Gain on valuation on land and buildings	**6,543**	—
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(6,634)**	(12,809)
Other comprehensive income for the year, net of tax	**3,022**	(14,253)
Total comprehensive income for the year	**(9,018)**	(38,031)
Attributable to:		
Owners of the Company	**(9,675)**	(38,853)
Non-controlling interests	**657**	822
	(9,018)	(38,031)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**At 31/12/2019 *HK$'000* (Unaudited)**	At 31/12/2018 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**3,882**	2,421
Prepaid land lease payments		**—**	4,227
Investment properties		**270,219**	266,776
Intangible assets		**9,811**	10,162
Right-of-use assets		**14,433**	—
Total non-current assets		**298,345**	283,586
Current assets			
Prepaid land lease payments		**—**	97
Inventories — raw materials		**235**	312
Trade and other receivables	*10*	**9,797**	11,342
Loan receivables		**—**	2,286
Financial assets at fair value through profit or loss ("**FVTPL**")		**2,626**	2,515
Equity instruments at FVTOCI		**—**	3,191
Bank and cash balances		**22,131**	26,344
Total current assets		**34,789**	46,087
TOTAL ASSETS		**333,134**	329,673

	Note	At 31/12/2019 HK$'000 (Unaudited)	At 31/12/2018 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Share capital	11	**20,939**	174,490
Reserves		**174,207**	14,752
Equity attributable to owners of the Company		**195,146**	189,242
Non-controlling interests		**(7,952)**	(5,252)
Total equity		**187,194**	183,990
LIABILITIES			
Non-current liabilities			
Bank borrowings		**29,050**	34,290
Deferred income		**4,176**	4,558
Lease liabilities — non-current		**3,709**	—
Deferred tax liabilities		**41,148**	39,234
Total non-current liabilities		**78,083**	78,082
Current liabilities			
Bank borrowings		**4,469**	4,572
Trade and other payables	12	**23,919**	25,073
Contract liabilities		**2,234**	1,817
Amounts due to an ex-substantial shareholder and its subsidiaries		**2,622**	2,682
Lease liabilities — current		**1,677**	—
Current tax liabilities		**32,936**	33,457
Total current liabilities		**67,857**	67,601
TOTAL EQUITY AND LIABILITIES		**333,134**	329,673
Net current liabilities		**(33,068)**	(21,514)
Total assets less current liabilities		**265,277**	262,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a net loss of approximately HK$12,040,000 during the year ended 31 December 2019, and as at 31 December 2019, the Group had net current liabilities of approximately HK$33,068,000. 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;

(b) The Group has obtained the credit facilities of RMB80,000,000 (equivalents to approximately HK$89,384,000) from a bank in the PRC by pledging the Group's non-current assets. As at 31 December 2019, facilities of RMB30,000,000 (equivalent to approximately HK$33,519,000) has been utilised by the Group; and

(c) The Company has adopted the equity financing approach to strengthen the financing position of the Group and raise additional funds for the Group to replenish its working capital by entering into a subscription agreement (as supplemented on 11 June 2019) with an independent third party dated 9 May 2019, pursuant to which, the Company has allotted and issued 34,897,000 shares at the subscription price of HK$0.337 per subscription share, raising the net proceeds of HK$11.63 million under the subscription. The subscription of new shares was completed on 26 July 2019 and the net proceeds have been utilised by the Group as at 31 December 2019.

Taking into account the above measures and after assessing the Group's current and future cash flow positions, the Directors 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 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.

2. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on the Group's results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK (IFRIC) Interpretation 4 Determining whether an Arrangement contains a Lease, Hong Kong (SIC) Interpretation 15 Operating Leases — Incentives and Hong Kong (SIC) Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact or leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied ranged from 4.71% to 6.37%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2020;

(ii) excluded initial direct costs from measuring the right-of use assets at the date of initial application; and

(iii) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities, if any, recognised as at 1 January 2019:

	HK$'000 (Unaudited)
Operating lease commitments as disclosed in the Group's consolidated financial statements	1,075
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2020	(1,075)
	—

The following table summaries the impact of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	*Note*	**Carrying amount as at 31 December 2018** *HK$'000* (Audited)	**Effects of adoption of HKFRS 16** **Re-classification** *HK$'000* (Unaudited)	**Re-cognition of leases** *HK$'000* (Unaudited)	**Carrying amount as at 1 January 2019** *HK$'000* (Unaudited)
Assets					
Right-of-use assets		—	4,324	—	4,324
Prepaid land lease payments	(i)	4,324	(4,324)	—	—

(i) Upfront payments for leasehold lands in the PRC own used properties were classified as prepaid land lease as payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to approximately HK$97,000 and HK$4,227,000, respectively, were classified to right-of-use assets.

(c) Impact on the financial results and cash flows of the Group

After the initial recognition of right-of-use assets as at 1 January 2019, the Group as a lessee, there are no financial impact on the reported profit from operations in the Group's consolidated statement of profit or loss and cash flows on any activities in the Group's consolidated statement of cash flows, as compared to the results if HKAS 17 had been applied during the year.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020
HKFRS 17 Insurance Contracts	1 January 2021
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	The amendments apply on or after a date to be confirmed

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of item is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Provision of public procurement services	**9,651**	7,616
Trading of goods	**37,703**	31,221
Provision of corporate IT solution services	**12,906**	17,789
Rental income	**13,064**	11,663
	73,324	68,289

Disaggregation of revenue from contracts with customers by services and the timing of revenue recognition for the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at point in time		
— Trading of goods	**37,703**	31,221
— Provision of public procurement services	**9,651**	7,616
— Sales of online procurement software	**8,287**	12,384
Recognised over time		
— Licensing online procurement platform income	**1,434**	2,320
— Provision of maintenance services	**3,185**	3,085
	60,260	56,626
Revenue from other sources		
— Rental income	**13,064**	11,663
	73,324	68,289

Segment information

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

Segment profits or losses do not include directors' emoluments and remaining administrative expenses, fair value gains on investment properties and remaining other income and gains, finance costs, impairment loss for amounts due from an ex-substantial shareholder and its subsidiaries, impairment loss for deposit paid for potential acquisition of a subsidiary, impairment loss/ reversal of impairment loss for certain receivables, loss on early redemption of convertible bonds, write-off of other prepayments and write-off of an associate.

Segment assets do not include equity instrument at FVTOCI, bank and cash balances, certain intangible assets, certain property, plant and equipment, certain other receivables, financial assets at FVTPL, loan receivables, pledged bank deposits and prepaid land lease payments.

Segment liabilities do not include amounts due to an ex-substantial shareholder and its subsidiaries, bank and other borrowings, certain other payables, current tax liabilities, deferred income and deferred tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss:

	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)
Year ended 31 December 2019					
Revenue from external customers	**9,651**	**37,703**	**12,906**	**13,064**	**73,324**
Segment profit	**8,333**	**39**	**6,795**	**6,564**	**21,731**
Amounts included in the measure of segment profit or loss:					
Impairment loss/(reversal of impairment loss) for trade and other receivables	**2**	**—**	**56**	**(1)**	**57**
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation	**38**	**—**	**31**	**—**	**69**
As at 31 December 2019					
Segment assets	**9,055**	**—**	**5,507**	**270,603**	**285,165**
Segment liabilities	**3,483**	**—**	**2,234**	**5,131**	**10,848**
Amounts included in the measure of segment assets:					
Additions to segment non-current assets	**10**	**—**	**5**	**—**	**15**

	Public procurement *HK$'000* (Audited)	Trading business *HK$'000* (Audited)	Provision of corporate IT solution *HK$'000* (Audited)	Rental income *HK$'000* (Audited)	Total *HK$'000* (Audited)
Year ended 31 December 2018					
Revenue from external customers	7,616	31,221	17,789	11,663	68,289
Intersegment revenue	—	—	—	1,291	1,291
Segment profit	6,360	119	7,938	8,390	22,807
Amounts included in the measure of segment profit or loss:					
Impairment loss/(reversal of impairment loss) for trade and other receivables	—	(93)	136	(32)	11
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation	32	—	39	—	71
As at 31 December 2018					
Segment assets	9,283	—	4,560	267,736	281,579
Segment liabilities	5,629	—	1,817	2,408	9,854
Amounts included in the measure of segment assets:					
Additions to segment non-current assets	29	—	109	—	138

Reconciliations of reportable segment revenue and profit or loss:

	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Audited)
Revenue		
Total revenue of reportable segments	**73,324**	69,580
Elimination of intersegment revenue	**—**	(1,291)
Consolidated revenue	**73,324**	68,289
Profit or loss		
Total profit of reportable segments	**21,731**	22,807
Administrative expenses	**(46,907)**	(55,553)
Finance costs	**(2,121)**	(3,009)
Other income and gains	**12,992**	6,579
Reversal of impairment loss for amounts due from an ex-substantial shareholder and its subsidiaries	**2,726**	710
Reversal of impairment loss for loan receivables	**2,174**	4,876
Unallocated reversal of/(impairment loss) for trade and other receivables	**242**	(654)
Write-off of other prepayments	**—**	(26)
Consolidated loss before tax	**(9,163)**	(24,270)

Reconciliations of segment assets, liabilities and other material items:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Assets		
Total assets of reportable segments	**285,165**	281,579
Unallocated corporate assets	**47,969**	48,094
Consolidated total assets	**333,134**	329,673
Liabilities		
Total liabilities of reportable segments	**10,848**	9,854
Unallocated corporate liabilities	**135,092**	135,829
Consolidated total liabilities	**145,940**	145,683
Other material items — (reversal of) impairment loss for/write-off of trade and other receivables		
Total impairment loss for/write-off of trade and other receivables of reportable segments	**57**	11
Unallocated amounts	**(242)**	654
Consolidated (reversal of)/impairment loss for/write-off of trade and other receivables	**(185)**	665
Other material items — depreciation		
Total depreciation of reportable segments	**69**	71
Unallocated amounts	**1,749**	770
Consolidated depreciation	**1,818**	841

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information:

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

	Revenue		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**—**	—	**549**	180
PRC except Hong Kong	**73,324**	68,289	**297,796**	283,406
Consolidated total	**73,324**	68,289	**298,345**	283,586

Revenue from major customers:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trading business segment		
Customer A	**37,703**	31,221

4. OTHER INCOME AND GAINS

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank interest income	**58**	89
Dividend income	**4**	653
Exchange gain	**25**	—
Fair value gains on investment properties	**9,030**	1,243
Gains on disposals of financial assets at FVTPL — held for trading	**33**	252
Government grants — amortisation of deferred income	**284**	296
Government grants *(Note)*	**1,475**	282
Interest income from a debtor	**—**	86
Interest income from an ex-substantial shareholder and its subsidiaries	**599**	—
Interest income from loan receivables	**993**	1,588
Interest income from pledged bank deposit	**—**	1,657
Sundry income	**491**	433
	12,992	6,579

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.

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on bank borrowing	**2,016**	2,360
Interest on lease liabilities	**105**	—
Interest on other borrowings	**—**	649
	2,121	3,009

6. INCOME TAX EXPENSES/(CREDIT)

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax — the PRC		
Provision for the year	**35**	28
Under-provision in prior years	**—**	622
	35	650
Deferred tax	**2,842**	(1,142)
	2,877	(492)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year.

PRC Enterprise Income Tax has been provided at a rate of 25% (2018: 25%).

7. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Amortisation of intangible assets (included in administrative expenses)	**125**	134
Auditor's remuneration	**900**	1,030
Cost of inventories sold	**37,660**	31,191
Depreciation	**1,818**	841
Direct operating expenses of investment properties that generate rental income	**4,671**	1,963
Equity-settled share-based payments	**463**	4,482
Exchange loss, net	**—**	24
Loss on disposal of property, plant and equipment	**89**	4
Operating lease charges — land and buildings	**1,409**	3,688
Employee benefits expenses (including directors' emoluments):		
Salaries, bonuses and allowances	**28,860**	30,491
Retirement benefits scheme contributions	**2,002**	2,309
Equity-settled share-based payments	**463**	4,482

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: nil).

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 year attributable to owners of the Company of approximately HK$12,519,000 (2018: HK$24,402,000), and the weighted average number of ordinary shares of 189,691,000 (2018: 168,972,000) for both years have been adjusted for the effect of share consolidation on 20 February 2019.

Diluted loss per share

There was no potential ordinary share outstanding for the year ended 31 December 2019.

There was no dilutive potential ordinary share for the Company's share options for the year ended 31 December 2019.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**6,069**	5,462
Allowance for trade receivables	**(228)**	(172)
	5,841	5,290
Other receivables	**1,417**	3,469
Allowance for other receivables	**(401)**	(711)
	1,016	2,758
Compensation income receivable	**8,473**	8,473
Allowance for compensation income receivable	**(8,473)**	(8,473)
	—	—
Prepayments for goods	**68,552**	69,944
Allowance for prepayments for goods	**(68,552)**	(69,944)
	—	—
Other prepayments	**6,800**	8,847
Allowance for other prepayments	**(5,072)**	(6,765)
	1,728	2,082
Deposits	**1,230**	1,215
Allowance for deposits	**(18)**	(3)
	1,212	1,212
	9,797	11,342

For trading business, the Group generally grants a credit period of 30 days to its 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 (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**5,735**	5,152
91 to 180 days	**23**	87
181 to 365 days	**32**	25
Over 365 days	**51**	26
	5,841	5,290

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

11. SHARE CAPITAL

	Notes	Number of shares '000 (Unaudited)	Amount HK$'000 (Unaudited)
Authorised share capital			
Ordinary shares			
At 1 January 2018 and 31 December 2018 (audited) and 1 January 2019 (HK$0.1 each)		2,000,000	200,000
Share consolidation	(b)	(1,800,000)	—
		200,000	200,000
Capital reduction	(c)	—	(180,000)
		200,000	20,000
Increase in authorised number of shares (HK$0.1 each)	(d)	200,000	20,000
Authorised ordinary shares at 31 December 2019 (HK$0.1 each)		400,000	40,000
Preference shares			
At 1 January 2018 and 31 December 2018 (audited) and 1 January 2019 (HK$0.1 each)		1,000,000	100,000
Share consolidation	(b)	(900,000)	—
		100,000	100,000
Capital reduction	(c)	—	(90,000)
Authorised preference shares at 31 December 2019 (HK$0.1 each)		100,000	10,000
Total authorised share capital at 31 December 2019 (HK$0.1 each)		500,000	50,000

	Notes	**Number of shares** *'000* **(Unaudited)**	**Amount** *HK$'000* (Unaudited)
Issued and fully paid:			
Ordinary shares			
At 1 January 2018 (HK$0.1 each)		1,611,517	161,152
Share issued under share option scheme (audited)	(a)	133,380	13,338
At 31 December 2018 (audited) and 1 January 2019 (HK$0.1 each)		1,744,897	174,490
Share consolidation	(b)	(1,570,407)	—
		174,490	174,490
Issuance of shares		34,900	3,490
Capital reduction	(c)	—	(157,041)
At 31 December 2019 (HK$0.1 each)		209,390	20,939
Preference shares			
At 1 January 2018, 31 December 2018 (audited), 1 January 2019 and 31 December 2019 (HK$0.1 each)		—	—
Total issued and fully paid at 31 December 2019 (HK$0.1 each)		209,390	20,939

Notes:

(a) On 1 June 2018, 133,380,000 ordinary shares of the Company of HK$0.10 each were issued upon exercise of share options on 31 May 2018 at an exercise price of HK$0.10 per share.

(b) On 20 February 2019, an ordinary resolution was passed at a special general meeting to consolidate every 10 shares in the authorised and issued ordinary and preference shares of the Company of HK$0.10 each into one consolidated share of HK$1.00 each (the "**Share Consolidation**").

(c) On 20 February 2019, a special resolution was passed at a special general meeting to cancel any fractional consolidated ordinary share in the issued share capital of the Company arising from the Share Consolidation; to reduce the par value of all the issued ordinary shares from HK$1.00 each to HK$0.10 each; and to reduce the authorised share capital of the Company from HK$300,000,000 to HK$30,000,000 divided into 200,000,000 ordinary shares of HK$0.10 each and 100,000,000 preference shares of HK$0.10 each. The capital reduction had become effective on 21 February 2019 and the authorised and issued ordinary share capital of the Company was amounted to HK$20,000,000 and HK$17,449,000, respectively.

(d) On 20 February 2019, an ordinary resolution was passed at a special general meeting to approve the authorised share capital of the Company be increased from HK$30,000,000 divided into 200,000,000 ordinary shares of HK$0.10 each and 100,000,000 preference shares of HK$0.10 each to HK$50,000,000 divided into 400,000,000 ordinary shares of HK$0.10 each and 100,000,000 preference shares of HK$0.10 each by the creation of an additional 200,000,000 ordinary shares of HK$0.10 each.

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(Note)*	**167**	163
Accruals	**8,177**	7,086
Security deposits	**1,438**	3,546
Receipt in advance	**1,659**	369
Other payables	**10,579**	11,966
Payables for acquisition of intangible assets	**1,899**	1,943
	23,919	25,073

Note:

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:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**8**	—
Over 365 days	**159**	163
	167	163

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

During the year ended 31 December 2019, the Group had four operating business segments, namely, public procurement, trading, provision of corporate IT solution and rental income.

Public procurement

In 2019, the Group continued to operate electronic trading platforms and management systems for government procurement and electronic procurement platforms for universities and colleges in the domestic public procurement area. We have continued to improve the functions of the electronic procurement platforms and enhance our technical and service standards, therefore, both the number of customers who used the platform and the number of suppliers increased significantly, and technical service and related income continued to increase.

The Group participated in and initiated the establishment of research group for "Procurement Management Standards and Operation Standards for State-owned Enterprises", and participated in compiling industrial standards for "Procurement Operating Standards for State-owned Enterprises", both of which laid a good foundation for exploring other state-owned enterprises customers, and seizing a place in electronic procurement of state-owned enterprises industry.

During the year, the public procurement businesses of the Group further grew. The number of customers, suppliers, the volume of transactions as well as revenues for provincial and municipal governments such as Hubei Province, Inner Mongolia Autonomous Region, Tianjin, Hainan Province, Qinghai Province and Shenzhen continued to grow. In particular, the procurement platforms for governments in new areas such as Ningxia Hui Autonomous Region, Ulanqab in Inner Mongolia Autonomous Region, and Jingmen in Hubei were put into operation and had seen income contribution to the Group. The enterprises procurement platforms, including Inner Mongolia Power Group procurement platform, state-owned enterprises procurement platforms of Weihai in Shandong Province and procurement system of Jiangxi Provincial Expressway Group (江西省高速公路集團), launched a new page of the Group's future development.

Trading business

Our trading business is conducted on a "demand and supply" basis. The Group has been seeking trading opportunities from its potential customers and suppliers. During the year, the Group had conducted trading business which amounted to HK$37,703,000 (2018: HK$31,221,000), which had seen profit contribution to the Group this year.

Provision of corporate IT solution

The Group has been generating income from providing corporate IT solutions by the development of software and provision of maintenance services to customers. The Group has been expanding its coverage to certain second and third tier cities within the PRC and has hired more qualified staff who are specialised in information technology or software development. The Company believes that it is worthwhile to continue to develop this business segment with the support of the government policies and experienced team built throughout these years.

Rental income

The Group also generates income from leasing of a commercial building it owned, located in Donghu New Technological Development Area, Wuhan, Hubei Province, the PRC. The recurrent rental income generated stable cash inflow to the Group and funded part of the operation and development expenses of the Group.

II. Financial Review

Operational Performance

1. *Revenue*

   Revenue of the Group for the year was HK$73,324,000 (2018: HK$68,289,000), representing an increase of HK$5,035,000, or 7.4% as compared to last year.

   The revenue included revenue from public procurement of HK$9,651,000, accounting for 13.2% of the total revenue; revenue from trading business of HK$37,703,000, accounting for 51.4% of the total revenue; revenue from provision of corporate IT solution of HK$12,906,000, accounting for 17.6% of the total revenue; and rental income of HK$13,064,000, accounting for 17.8% of the total revenue.

The increase in revenue for the year was mainly due to the increase in revenue in trading businesses, complemented by an increase in revenue in the provision of public procurement services, a decrease in revenue in the provision of corporate IT solution services and an increase in rental revenue. The increase of provision of public procurement services was due to increased efforts devoted in the promotion of our public procurement platform and increased income derived from the sales of public key with a digital certificate issued by a certificate authority (CA) during the year. The decrease in revenue from provision of corporate IT solution services, was due to a decrease in number of projects resulted from a more selective process in assessing projects profitability. Furthermore, the increase in occupancy ratio and increase in rental prices of renewal/new tenancy agreements of our commercial building in Wuhan, Hubei Province, the PRC led to an increase in rental revenue this year.

2. *Cost of sales*

Cost of sales for the year was HK$51,536,000 (2018: HK$45,471,000), representing an increase of HK$6,065,000, or 13.3% as compared to last year. Cost of sales mainly comprised cost of goods purchased for trading business, technical staff cost, relevant fixed assets depreciation, the cost of authentication key and the water and electricity of properties rented. Such increase was mainly due to increase in purchase costs incurred for the trading business this year and increase in cost of rental income arising from higher utilities costs, costs of appointing a property management company, which replaced certain administrative staffs to manage our commercial building in Wuhan, Hubei Province, the PRC. As a result, the cost of rental income increased and administrative expenses decreased during the year.

3. *Gross profit*

Gross profit for the year was HK$21,788,000 (2018: HK$22,818,000), representing a decrease of HK$1,030,000, or 4.5% as compared to last year. Gross profit margin for the year was 29.7%, representing a decrease of 3.7 percentage point as compared to the gross profit margin of 33.4% last year.

The decrease in gross profit margin was mainly due to an increase in trading business which has a low gross profit margin. Further, cost of rental income increased due to increased occupancy ratio which led to increase in utilities costs during the year. We also directly appointed a property management company to manage our commerical building in Wuhan, Hubei Province, the PRC to replace certain administrative staffs, leading to a shift of administrative costs to the cost of sales under rental income. Thus, the gross profit amount and gross profit margin decreased compared to last year.

4. *Other income and gains*

Other income and gains for the year was HK$12,992,000 (2018: HK$6,579,000), representing an increase of HK$6,413,000, or 97.5% as compared to last year. The other income and gains mainly comprised fair value gain on investment properties, interest income, dividend income and government grants. The increase in other income and gains for the year was primarily due to higher fair value gain on investment properties as compared to last year.

5. *Administrative expenses*

Administrative expenses for the year was HK$46,907,000 (2018: HK$55,553,000), representing a decrease of HK$8,646,000, or 15.6% as compared to last year. The administrative expenses mainly comprised staff cost and benefits, legal and professional fee, rental expenses, office expenses and share option expenses. The decrease in administrative expenses was mainly due to the decrease in share option expenses arising from the grant of share options during the year and our stringent cost control, resulting in a decrease in rental expenses and professional services expenses.

6. *Impairment loss and reversal of impairment loss of receivables*

During the year, based on the valuation of expected credit loss performed by a professional valuer, the Group made a reversal of provision for impairment loss on trade and other receivables of HK$185,000. Based on the net repayment of loan receivables received in 2019, the reversed impairment loss for loan receivables was HK$2,174,000. Further, the reversal of impairment loss for amounts due from an ex-substantial shareholder and its subsidiaries was HK$2,726,000 as the result of successful legal actions that happened this year. The total amount of reversal of provision was HK$5,085,000.

7. *Finance costs*

Finance costs for the year was HK$2,121,000 (2018: HK$3,009,000), representing an decrease of HK$888,000, or 29.5% as compared to last year.

The decrease in finance costs was mainly due to the decrease in interests from bank borrowings as a result of our principal repayments during the year.

8. *Income tax expenses*

Income tax expenses of the Group for the year amounted to HK$2,877,000 (2018: income tax credit HK$492,000). The income tax expenses mainly arise from the tax on land appreciation of our properties located in Wuhan, Hubei Province, the PRC.

9. *Loss for the year*

Loss of the Group for the year amounted to HK$12,040,000 (2018: HK$23,778,000), representing a decrease of HK$11,738,000, or 49.4% as compared to last year. The decrease was mainly due to the reversal of provision for impairment loss, fair value gains on investment properties and decrease in administrative expenses.

Financial Position

1. *Liquidity and capital structure*

As at the year ended date, the Group maintained bank and cash balances of HK$22,131,000, representing a decrease of HK$4,213,000, or 16.0% as compared to (2018: HK$26,344,000) last year. The Group's total assets amounted to HK$333,134,000, total equity amounted to HK$187,194,000, and total liabilities amounted to HK$145,940,000. The assets-liabilities ratio (total assets over total liabilities) was 2.28:1 (31 December 2018: 2.26:1), the current ratio (current assets over current liabilities) was 0.51:1 (31 December 2018: 0.68:1) and the gearing ratio (total bank borrowings over total equity) was 0.18:1 (31 December 2018: 0.21:1).

III. Other issues

1. Material investment, material acquisition and disposal of subsidiaries and future material investment or capital and assets acquisition plan

The Group did not have any material investment and material acquisition or disposal of subsidiaries during the year.

2. Pledge of assets

As at the year ended date, the Group has obtained a credit facility of RMB80,000,000 (equivalent to approximately HK$89,384,000) from a bank in the PRC by pledging the Group's properties. Bank borrowings at 31 December 2018 and 2019 were 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 2019, facilities of RMB30,000,000 (equivalent to approximately HK$33,519,000) have been utilised by the Group.

3. Contingent liabilities

As at the year ended date, the Group did not have any contingent liabilities.

4. *Foreign exchange exposure*

During the year, the Group mainly earned revenue in RMB and incurred costs mainly 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 an impact on the Group's results and financial positions.

5. *Staff and remuneration*

The Group determines staff remuneration in accordance with market terms, individual qualifications and performances. Staff recruitment and promotion are based on individuals' merit and their development potential for the positions offered. As at 31 December 2019, the Group employed approximately 140 employees, and the total remuneration of employees (including the Directors) was approximately HK$31,325,000. The Company maintains a share option 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.

6. *Capital reorganisation*

On 20 February 2019, resolutions in relation to the Company's capital reorganisation were duly passed by shareholders by way of poll and effective from 21 February 2019. The capital reorganisation comprises the following:

(a) Share consolidation

(i) every ten (10) issued and unissued ordinary share(s) of HK$0.10 each in the share capital of the Company be consolidated into one (1) ordinary share of HK$1.00 each (the "**Consolidated Ordinary Share**"); and

(ii) every ten (10) issued and unissued convertible preference share(s) of HK$0.10 each in the share capital of the Company be consolidated into one (1) convertible preference share of HK$1.00 each (the "**Consolidated Preference Share**").

(b) Capital reduction

(i) reduction of any fractional Consolidated Ordinary Share in the issued share capital of the Company arising from the share consolidation by way of cancellation;

(ii) reduction of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK$0.90 on each of the then issued Consolidated Ordinary Shares such that the par value of each issued Consolidated Ordinary Share will be reduced from HK$1.00 to HK$0.10; and

(iii) the authorised share capital of the Company of HK$300,000,000 divided into 200,000,000 Consolidated Ordinary Shares and 100,000,000 Consolidated Preference Shares shall be reduced to HK$30,000,000 divided into 200,000,000 New Ordinary Shares (as defined in the circular of the Company dated 28 January 2019 (the "**Circular**") and 100,000,000 New Preference Shares (as defined in the Circular) by reducing the par value of all unissued Consolidated Shares (as defined in the Circular) from HK$1.00 each to HK$0.10 each (the "**Capital Reduction**"). The amount of crediting arising from the Capital Reduction was approximately HK$157,041,000.

(c) Authorised Share Capital Increase

Upon the Share Consolidation (as defined in the Circular) and Capital Reduction become effective, the authorised share capital of the Company be increased from HK$30,000,000 divided into 200,000,000 New Ordinary Shares and 100,000,000 New Preference Shares of par value of HK$0.10 each, respectively, to HK$50,000,000 divided into 400,000,000 New Ordinary Shares and 100,000,000 New Preference Shares of par value HK$0.10 each, respectively, by the creation of an additional 200,000,000 New Ordinary Shares (the "**Authorised Share Capital Increase**").

(d) Share premium reduction

The amount standing to the credit of the share premium amount (approximately HK$7,153,619,000 as at 31 December 2017, based on the audited consolidated financial statements for the year ended 31 December 2017) of the Company be reduced, with such amount of the credit arising therefrom being transferred to the Contributed Surplus (as defined in the Circular), and the amount standing to the credit of the Share Premium Account (as defined in the Circular) be reduced to nil (the "**Share Premium Reduction**").

(e) Offsetting the accumulated losses

The amount of credit arising from the Capital Reduction in the sum of approximately HK$157,041,000 and the amount of credit arising from the Share Premium Reduction in the sum of approximately HK$7,153,619,000 be credited to the Contributed Surplus (as defined in the Circular) with the credit balance of approximately HK$332,310,000 as at 31 December 2017, based on the audited consolidated financial statements for the year ended 31 December 2017. The amount standing to the credit of the Contributed Surplus was approximately HK$7,642,970,000 following the two transfers of all the credit arising from the Capital Reduction and Share Premium Reduction to the Contributed Surplus. After that, the sum of HK$7,424,893,000 in the Contributed Surplus shall be utilised to set off against the Accumulated Losses (as defined in the Circular) in full in the manner permitted by the Company Act (as defined in the Circular) and the Bye-laws (as defined in the Circular).

7. Issue of shares

On 9 May 2019 and 11 June 2019, the Company and a subscriber entered into a subscription agreement and a supplemental agreement under the general mandate, pursuant to which the subscriber has agreed to subscribe for, and the Company agreed to allot and issue 34,897,000 shares (being approximately 20% of the existing issued share capital of the Company as at the date of the agreement, being approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares) at the subscription price of HK$0.337. The net proceeds from the subscription are approximately HK$11.63 million. The proceeds has been used to replenish the general working capital of the Group to support its day-to-day operation. The subscription of new shares was completed on 26 July 2019.

8. Refreshment of the scheme limit under the Share Option Scheme

On 28 June 2019, the refreshment of the 10% scheme limit of the Share Option Scheme approved and adopted by the Company on 13 June 2013 (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 a total of 17,448,972 options under the Share Option Scheme, representing approximately 10% of the total number of issued shares as at the date of this announcement.

9. *Event after the reporting period*

Amid the recent outbreak of the coronavirus disease (COVID-19) in 2020, the PRC Government issued notices to extend the period of Chinese New Year holiday in China, in particular, various local provincial governments issued notice and required enterprises to suspend operations temporarily.

As the Group's business and offices are concentrated in China, and has investment property in Wuhan, Hubei Province, the PRC, the Group's operations have been significantly impacted by the outbreak of the coronavirus disease. Due to suspension of work since late January 2020 after the Chinese New Year holiday and staff in affected provinces and municipalities is unable to return to business units and resume work as planned, the Group has adopted the arrangement for home office and it is expected that the Group's operations and productivity will continue to be adversely affected.

As at the date of this announcement, it remains uncertain about the extent of the coronavirus disease and recovery of the operations, the Board expects there will be a material adverse impact in the first quarter of the financial year of 2020 as compared to the corresponding period in 2019 and will continue to assess the impact of the coronavirus disease on the operation and financial performance of the Group. The Board will also closely monitor the development of the coronavirus disease and the risks and uncertainties faced by the Group as a result of the coronavirus disease. The Company will take appropriate measures as necessary and make further announcements as and when appropriate.

IV. Business prospects

According to the statistics data as disclosed in the 6th Forum on National Public Resources by China Federation of Logistics and Purchasing, the total national public procurement in 2019 amounted to RMB35 trillion with a huge market volume. The electronic and e-commerce procurement from public institutions such as PRC government and state-owned enterprises are future directions for development, and also an inevitable requirement for the Chinese government to continue to vigorously prevent corruption, increase the transparency of power and promote the bidding and procurement strategy of "Internet Plus". Currently, the governments in China have substantially adopted electronic procurement for an open, fair, transparent and efficient environment for organisation procurement. State-owned enterprises, universities and colleges and public hospitals are also actively using the electronic platforms for procurement of materials and services. Such market environment is favorable to the development of the Group's business.

After years of brand accumulation, products research and market development, the Group is well positioned in the public procurement market and has built a solid foundation for the rapid development of business in the future. In 2020, the Group aims to capitalise on the advantage of its existing successful businesses and increase its R&D efforts and expand its market share in the area of electronic procurement for state-owned enterprises to other provinces. Meanwhile, the trading system will serve to gather various data for cleaning, processing and analysis to provide valuable service for both parties to the trading. In particular, the Group will focus on the value-added service such as supply chain finance service.

The Group will strive to gain brand advantage in the electronic public procurement platform, and focus on building the four products of "Government Procurement and Trading Platform", "Electronic Procurement Platform for Colleges and Universities", "Electronic Platform Procurement for State-owned Enterprise" and " Financial services Platform", striving to expand the Group's market share rapidly. Meanwhile, the Group will provide supply chain financing service, procurement information customisation service, bidding collaboration service, etc., expand the influence of the value-added service APP "Gongcai Tong" and further consolidate the Group's leading position in China's public procurement area.

The outbreak of the coronavirus disease (COVID-19) has imposed different degrees of impact on various industries. For the domestic business of China Public Procurement Limited, the negative impact is mainly reflected in the following aspects:

Firstly, the Company's main customer groups include provincial and municipal public resource trading centers, government procurement centers, large local state-owned enterprises and schools. Due to the epidemic, it is expected that the operations of the above mentioned entities will be continuously adversely affected until April or May, which will inevitably lead to a decrease in the volume of e-procurement platform in the first and second quarters of 2020, and the Company's earnings will drop significantly as compared to the corresponding period in 2019.

Secondly, the epidemic will have a direct impact on the overall economic situation and the office rental market, and thus, the leasing of the Company's properties. Our investment property ("Wuhan CPP Building") is located in Optics Valley Financial Harbor, where tenants are small to medium enterprises. The epidemic has caused disruptions to their normal businesses and operations, which may cause risks of rent delay or even early surrender of the lease. Such office rental market downturn will result in a decline in rental demand, thus creating a vicious circle upon the rental market.

However, according to market assessment, the outbreak will also bring optimistic opportunities to a certain extent, such as the government's strong promotion of no-show transactions in the procurement process and the increase in the use of electronic platforms. This will enable the industry to enhance the electronic procurement awareness, speed up the decision-making processes, and bring certain market opportunities to the electronic procurement trading platform suppliers.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the corporate governance code ("**CG Code**") as set out in Appendix 14 to the Listing Rules, which provides code provisions and recommended best practices for corporate governance practices by listed companies. The Company considered that its prevailing structures and systems satisfied the applicable requirements of the code provisions of the CG Code. 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 except for the following deviations.

According to code provision A.2.1 of the CG Code, 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 of the CG Code, 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 of the Company will be adequately and fairly represented. The Company will seek to re-comply with code provision A.2.1 of the CG Code by identifying and appointing a suitable and qualified candidate to the position of the chief executive in the future.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiry with all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the year ended 31 December 2019.

REVIEW OF UNAUDITED RESULTS

The Audit Committee of the Company 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 to the Listing Rules. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Deng Xiang (chairman), Mr. Chen Limin and Mr. Jiang Jun. Mr. Chen Limin is a non-executive Director whereas the other two are independent non-executive Directors.

Due to travel restrictions in connection with the recent coronavirus disease (COVID-19) outbreak which have disrupted the reporting and audit processes of the Group's financial statements for the year ended 31 December 2019, the Company is unable to publish an annual results announcement that has been agreed with the Company's auditors in accordance with Rule 13.49 of the Listing Rules. The unaudited results contained herein have not been agreed by the Company's auditors. The Audit Committee has reviewed the unaudited consolidated annual results of the Group for the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S) AND ANNUAL REPORT

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the accounting adjustment or material differences (if any) as compared with the unaudited annual results contained herein, and (ii) the proposed convention date, book closure period and record date of the annual general meeting.

In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 8 May 2020. The 2019 annual report will be published on the websites of the Stock Exchange and the Company and also be dispatched to the shareholders of the Company in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Public Procurement Limited
Zheng Jinwei
Chairman

Hong Kong, 31 March 2020

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