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CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

PROFIT WARNING

The Board wishes to inform the shareholders of the Company and potential investors that, the Group may record a significant loss for the financial year ended 31 December 2009 due to impairment of goodwill.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The board of directors (the “Board”) of China Public Procurement Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to inform the shareholders of the Company and potential investors that, the Group may record a significant loss for the financial year ended 31 December 2009 compared with that recorded in 2008 due to impairment of goodwill.

The goodwill was recognized as a result of the completion of acquisition in relation to public procurement business by issuing the initial Consideration Shares as per the circular of the Company dated 16 January 2009. Due to the business being developed in the initial stage as at 31 December 2009, the management of the Company did not have sufficient convincing grounds to estimate the carrying value of goodwill when performing annual review as required under the Hong Kong accounting standards. For the sake of conservatism, the management is inclined to treat the goodwill as impaired although the conditional part of the transaction involving the issue of the maximum of 8,053,914,537 preferred shares of the Company upon the acquired public procurement business achieving net profits of HKD200 million by 31 December 2010 the latest is yet determined. However, the Board would like to state that, the impairment is a non-cash expense which has no impact on the Group’s cash flows or operations.

The information contained in this announcement has not been audited by the Company’s auditors according to the planned schedule. The Company is in the process of preparing the Group’s audited financial results for the year ended 31 December 2009. Detailed financial results of the Group for the year ended 31 December 2009 will be disclosed as and when the final results of the Group are announced.

The Board would also wish to inform the shareholders of the Company and potential investors that regarding the RMB700 million worth procurement agreement of cokes entered into with Wulatezhongqi Huachang Mining Co., Ltd. of Inner Mongolia (“Huachang”) and Great Rail Logistics Co., Ltd. (“Great Rail”) in September 2009 as announced on 3 September 2009, the Company had launched detail negotiation with Huachang and Great Rail on procedures to procuring and transporting of cokes after the signing of the agreement. However, the unexpected early arrival of cold current in Mongolia made transportation of cokes unfeasible as a result of frozen roads that trucks could not move on. Despite the fact that the Company was not able to benefit from this procurement in 2009, the Company is in negotiation with Huachang and Great Rail to extend the agreement.

Potential investors and shareholders of the Company should exercise caution when dealing in shares of the Company.

At the date of this announcement, the Company comprises six executive directors, Mr. Ho Wai Kong (Chairman), Mr. Jiang Haoye, Mr. Liu Bo, Mr. Lu Xing, Mr. Song Lianzhong and Mr. Wu Xiaodong, one non-executive director, Ms. Cheng Zhuo and three independent non-executive directors, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Wu Fred Fong.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Tsang Hing Bun
Company Secretary

Hong Kong, 12 April 2010