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

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

Interim Report 2015

The board of directors (the "Board") of China Public Procurement Limited (the "Company") hereby 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 2015 (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 2015

		Six months ended 30 June	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**1,790,242**	5,373
Cost of sales		**(1,786,212)**	(4,086)
Gross profit		**4,030**	1,287
Other income	*5*	**5,344**	437
Gain on disposal of a subsidiary	*20*	**—**	3,120
Share of loss of an associate		**—**	(83)
Administrative expenses		**(55,380)**	(84,133)
Finance costs	*6*	**—**	(2,146)
Loss before tax		**(46,006)**	(81,518)
Income tax credit	*7*	**520**	—
Loss for the period	*8*	**(45,486)**	(81,518)
Loss for the period attributable to:			
Owners of the Company		**(44,717)**	(78,908)
Non-controlling interests		**(769)**	(2,610)
		(45,486)	(81,518)
Loss per share			
Basic and diluted *(HK cent)*	*9*	**(0.39)**	(0.69)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(45,486)**	(81,518)
Other comprehensive expense		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating of foreign operations	**3,568**	(26,839)
Reclassification adjustments for the cumulative exchange gains upon disposal of a foreign subsidiary	**–**	(663)
Total comprehensive expense for the period	**(41,918)**	(109,020)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(39,920)**	(106,075)
Non-controlling interests	**(1,998)**	(2,945)
	(41,918)	(109,020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015 HK$'000 (Unaudited)**	31 December 2014 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**22,897**	25,422
Prepaid lease payments		**14,149**	14,252
Investment properties		**230,438**	229,673
Goodwill	*12*	**990,821**	987,531
Intangible assets		**115,473**	118,187
Interest in an associate		**1,307**	1,307
Prepayment for property, plant and equipment		**6,072**	6,051
Deposit paid for potential acquisition of a subsidiary		**19,000**	19,000
Deferred tax assets		**918**	915
		1,401,075	1,402,338
Current assets			
Trade and other receivables	*13*	**197,544**	176,701
Loan receivables	*14*	**102,068**	104,484
Prepaid lease payments		**302**	301
Amount due from a substantial shareholder	*16*	**39,844**	39,712
Amount due from a related company	*16*	**3,795**	—
Bank balances and cash		**107,346**	19,926
		450,899	341,124
Current liabilities			
Trade and other payables	*15*	**174,654**	168,909
Amount due to a substantial shareholder	*16*	**4,183**	14,491
Amount due to a related company	*16*	**506**	5,421
Dividend payable to non-controlling interest		**1,138**	—
Tax payables		**49,468**	50,185
		229,949	239,006
Net current assets		**220,950**	102,118
Total assets less current liabilities		**1,622,025**	1,504,456

	Notes	**30 June 2015 HK$'000 (Unaudited)**	31 December 2014 HK$'000 (Audited)
Non-current liabilities			
Deferred income		**18,541**	18,637
Deferred tax liabilities		**35,142**	35,723
		53,683	54,360
		1,568,342	1,450,096
Capital and reserves			
Share capital	*17*	**131,333**	120,837
Convertible preferred shares	*18*	**93**	589
Reserves		**1,428,662**	1,318,429
Equity attributable to owners of the Company		**1,560,088**	1,439,855
Non-controlling interests		**8,254**	10,241
		1,568,342	1,450,096

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company										
	Share capital	Preferred share capital	Share premium	Merger reserve	Share-based compensation reserve	Statutory reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note i)		*(Note ii)*					
At 1 January 2015 (audited)	120,837	589	6,924,166	8,390	76,022	15,599	236,398	(5,942,146)	1,439,855	10,241	1,450,096
Loss for the period	–	–	–	–	–	–	–	(44,717)	(44,717)	(769)	(45,486)
Other comprehensive expense for the period											
Item that may be subsequently reclassified to profit or loss:											
Exchange differences arising on translation	–	–	–	–	–	–	3,557	–	3,557	11	3,568
Total comprehensive expense for the period	–	–	–	–	–	–	3,557	(44,717)	(41,160)	(758)	(41,918)
Conversion of preferred shares	496	(496)	–	–	–	–	–	–	–	–	–
Placing of shares *(note 17)*	10,000	–	161,000	–	–	–	–	–	171,000	–	171,000
Transaction costs attributable to issue of shares	–	–	(9,607)	–	–	–	–	–	(9,607)	–	(9,607)
Share options lapsed	–	–	–	–	(16,944)	–	–	16,944	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,229)	(1,229)
At 30 June 2015 (unaudited)	131,333	93	7,075,559	8,390	59,078	15,599	239,955	(5,969,919)	1,560,088	8,254	1,568,342

	Attributable to owners of the Company										
	Share capital	Preferred share capital	Share premium	Merger reserve	Share-based compensation reserve	Statutory reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note i)		*(Note ii)*					
At 1 January 2014 (audited)	112,913	789	6,663,376	8,390	51,755	15,365	263,263	(5,278,969)	1,836,882	13,425	1,850,307
Loss for the period	–	–	–	–	–	–	–	(78,908)	(78,908)	(2,610)	(81,518)
Other comprehensive expense for the period											
Item that may be subsequently reclassified to profit or loss:											
Exchange differences arising on Translation	–	–	–	–	–	–	(26,504)	–	(26,504)	(335)	(26,839)
Disposal of a subsidiary	–	–	–	–	–	–	(663)	–	(663)	–	(663)
Total comprehensive expense for the period	–	–	–	–	–	–	(27,167)	(78,908)	(106,075)	(2,945)	(109,020)
Conversion of preferred shares	200	(200)	–	–	–	–	–	–	–	–	–
Placing of shares *(note 17)*	6,989	–	244,611	–	–	–	–	–	251,600	–	251,600
Transaction costs attributable to issue of shares	–	–	(523)	–	–	–	–	–	(523)	–	(523)
Share options granted	–	–	–	–	24,960	–	–	–	24,960	–	24,960
At 30 June 2014 (unaudited)	120,102	589	6,907,464	8,390	76,715	15,365	236,096	(5,357,877)	2,006,844	10,480	2,017,324

Note i: The merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued pursuant to the Group reorganisation.

Note ii: In accordance with the People's Republic of China (the "PRC") Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(57,438)**	(24,877)
Net cash used in investing activities	**(11,678)**	(121,465)
Net cash from financing activities	**156,460**	248,307
Net increase in cash and cash equivalents	**87,344**	101,965
Cash and cash equivalents at 1 January	**19,926**	75,076
Effect of foreign exchange rate changes	**76**	(584)
Cash and cash equivalents at 30 June, representing bank balances and cash	**107,346**	176,457

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. GENERAL

China Public Procurement Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company and is also engaged in the provision of procurement services. The subsidiaries of the Company are principally engaged in provision of public procurement, corporate IT solution services, trading business and energy management contracting ("EMC").

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of a new Interpretation and amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2015.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial information and/or disclosures set out in these condensed consolidated financial information.

Annual Improvements to HKFRSs 2010–2012 Cycle

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of a new Interpretation and amendments to HKFRSs (Continued)

Annual Improvements to HKFRSs 2010–2012 Cycle (Continued)

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

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

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

The application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial information.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of a new Interpretation and amendments to HKFRSs (Continued)

Annual Improvements to HKFRSs 2011–2013 Cycle (Continued)

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans — Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The application of the amendments included in the Amendment to HKAS 19 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial information.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of a new Interpretation and amendments to HKFRSs (Continued)

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

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

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2017.
[3] Effective for annual periods beginning on or after 1 January 2018.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

(a) Segment revenues and results

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

For the six months ended 30 June 2015

	Public procurement	Provision of corporate IT solution	Trading	EMC	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue						
External sales	4,409	4,459	1,781,374	–	–	1,790,242
Inter-segment sales	–	41	–	–	(41)	–
	4,409	4,500	1,781,374	–	(41)	1,790,242
Segment profit (loss)	1,831	(1,169)	2,029	–	(41)	2,650
Unallocated income						5,344
Unallocated expenses						(54,000)
Consolidated loss before tax						(46,006)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

For the six months ended 30 June 2014

	Public procurement	Provision of corporate IT solution	Trading	EMC	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	1,755	3,618	–	–	–	5,373
Segment profit	61	1,226	–	–	–	1,287
Unallocated income						437
Unallocated expenses						(84,133)
Share of loss of an associate						(83)
Finance costs						(2,146)
Gain on disposal of a subsidiary						3,120
Consolidated loss before tax						(81,518)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administrative cost, directors' emoluments, certain other income and gain and finance costs. This is the measure reported to the chairman of the board of directors, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Public procurement	**1,103,963**	1,090,025
Trading business	**149,269**	144,839
Provision of corporate IT solution	**20,240**	22,092
EMC	**6,072**	6,051
Total segment assets	**1,279,544**	1,263,007
Unallocated corporate assets	**572,430**	480,455
Consolidated total assets	**1,851,974**	1,743,462

Segment liabilities

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Public procurement	**26,390**	41,297
Trading business	**84,726**	108,278
Provision of corporate IT solution	**492**	423
EMC	**2,515**	2,507
Total segment liabilities	**114,123**	152,505
Unallocated corporate liabilities	**169,509**	140,861
Consolidated total liabilities	**283,632**	293,366

5. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**38**	46
Rental income	**3,394**	—
Exchange gains, net	**1,526**	235
Sundry income	**386**	156
	5,344	437

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**—**	2,146

7. INCOME TAX CREDIT

Income tax in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax expense		
Provision for PRC Enterprise Income Tax ("EIT") — current period provision	**32**	—
Deferred tax	**(552)**	—
	(520)	—

No provision for Hong Kong Profits Tax had been made for the six months ended 30 June 2015 (2014: nil) as the Group did not have any assessable profits arising in Hong Kong.

7. INCOME TAX CREDIT (Continued)

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25%.

No provision for PRC Corporate Income Tax has been made for the six months ended 30 June 2014 as the Group did not have any assessable profits in the PRC.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation and depreciation	**6,234**	10,353
Equity-settled share-based payment expenses	**–**	24,960

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(44,717)**	(78,908)

9. LOSS PER SHARE (Continued)

Number of shares

	Six months ended 30 June	
	2015	2014
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares and preferred shares for the purpose of basic loss per share	**11,725,438**	11,412,776

The computation of diluted loss per share does not assume the exercises of the Company's outstanding options for the six months ended 30 June 2015 and 2014 since for certain outstanding options, their exercises would result in a decrease in loss per share while the exercise prices of the remaining options are higher than the average market price of the Company's shares.

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, additions to the Group's property, plant and equipment were approximately HK$196,000 (2014: HK$12,299,000).

12. GOODWILL

	HK$'000
Net book value as at 1 January 2015 (audited)	987,531
Exchange realignment	3,290
Net book value as at 30 June 2015 (unaudited)	990,821

13. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**78,901**	5,001
Other receivables	**154,253**	148,190
Impairment for other receivables	**(131,723)**	(131,723)
	101,431	21,468
Prepayments for goods	**82,770**	144,839
Other prepayments	**8,578**	5,695
Deposits	**4,765**	4,699
	197,544	176,701

The Group normally grants to its customers credit periods ranging from 30 days to 90 days which are subject to periodic review by management. For receivables related to the energy management business, a credit period of 180 days is offered.

The following is an aged analysis of the Group's trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**74,058**	2,752
91 days to 180 days	**1,548**	30
181 days to 365 days	**1,196**	—
Over 365 days	**2,099**	2,219
	78,901	5,001

14. LOAN RECEIVABLES

The balance represented advances to independent third parties which are unsecured and interest-free.

Included in the loan receivables as at 30 June 2015 and 31 December 2014 was a loan of HK$100,000,000 repayable on 4 June 2015 that is correlated to a cooperation arrangement with that independent third party. Pursuant to the cooperation arrangement, that independent third party had undertaken to engage the Group for procurement services for a transaction volume of no less than RMB950 million during the year ended 31 December 2014 at an agreed service charge of 1.5%. During the year ended 31 December 2014, the guaranteed transaction volume had not been attained. A compensation income of RMB10,687,500 (equivalent to HK$13,480,000) had been recognised during the year ended 31 December 2014.

Further details of such were set out in the Company's announcement dated 5 June 2014.

The remaining loan receivables were repayable on demand.

15. TRADE AND OTHER PAYABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**55,126**	—
Accruals	**7,921**	9,222
Security deposits	**3,546**	5,741
Receipts in advance	**30,400**	108,278
Other payables*	**70,212**	37,767
Payables for acquisition of property, plant and equipment	**5,084**	7,473
Payables for acquisition of intangible assets	**2,365**	428
	174,654	168,909

* Included in the balance as at 30 June 2015 was interest free advances of HK$1,784,000 (2014: HK$1,421,000) from certain independent third parties.

15. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**54,946**	—
Over 3 months but less than 6 months	**180**	—
	55,126	—

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

16. AMOUNTS DUE FROM (TO) A SUBSTANTIAL SHAREHOLDER AND A RELATED COMPANY

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

17. SHARE CAPITAL

	Number of shares	**Nominal value of ordinary shares**
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2015 (audited) and 30 June 2015 (unaudited)	20,000,000	200,000
Issued and fully paid:		
At 1 January 2015 (audited)	12,083,731	120,837
Conversion of preferred shares	49,620	496
Subscription of shares	1,000,000	10,000
At 30 June 2015 (unaudited)	13,133,351	131,333

During the six months ended 30 June 2015, 1,000,000,000 ordinary shares (2014: 698,888,000 ordinary shares) of the Company were subscribed raising a net proceeds of HK$161,393,000 (2014: HK$251,077,000).

18. CONVERTIBLE PREFERRED SHARES

Convertible preferred shares at HK$0.01 each, issued and fully paid:

	Number of shares	Nominal value of preferred shares
	'000	*HK$'000*
At 1 January 2015 (audited)	58,904	589
Conversion of preferred shares	(49,620)	(496)
At 30 June 2015 (unaudited)	9,284	93

The initial conversion price of HK$0.6667 per ordinary share is for each convertible preferred share. The conversion rate of each convertible preferred share is one ordinary share. The major terms of the preferred shares are set out below:

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

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

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

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

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

During the six months ended 30 June 2015, 49,620,000 preference shares (2014: 20,000,000 preference shares) of HK$0.01 each were converted, resulting in the issue and allotment of 49,620,000 ordinary shares (2014: 20,000,000 ordinary shares) of HK$0.01 each, credited as fully paid.

19. EQUITY-SETTLED SHARE-BASED PAYMENTS

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the shareholders' written resolution passed on 13 June 2013.

The maximum number of shares that may be granted under the Share Option Scheme and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. No option may be granted to any person such that the total number of shares of the Company issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of shares of the Company in issue.

An option under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board, which must not be more than 10 years from the date of the grant.

On 3 June and 6 June 2014, 100,000,000 and 120,000,000 share options were granted to certain directors and employees of the Company with an exercise price of HK$0.40 and HK$0.415 per share respectively pursuant to the Share Option Scheme.

The closing prices of the Company's shares immediately before 3 June and 6 June 2014, the dates of grant, were HK$0.385 and HK$0.415 respectively.

The fair value of service received in return for share options granted under the Share Option Scheme was measured by reference to the fair value of share options. The estimate of the fair value of the share options granted was measured at the date of grant based on the Black-Scholes-Merton Option Pricing Model. The variables and assumptions used in computing the fair value of the share options were based on the best estimates of the directors of the Company. Changes in variables and assumptions may result in changes in the fair value of the options.

During the six months ended 30 June 2015, 181,100,000 (2014: nil) share options under the Share Option Scheme were lapsed and no (2014: nil) options were exercised.

The following table summarises the movements in the share options of the Company:

	No. of share options
Outstanding at 1 January 2015	695,100,000
Lapsed during the period	(181,100,000)
Outstanding at 30 June 2015	514,000,000

20. DISPOSAL OF A SUBSIDIARY

On 21 May 2014, the Company completed the disposal of the entire equity interests in 北京中採世技術有限公司 ("北京中採"), at a cash consideration of RMB10,000 (equivalent to HK$13,000) to Ms. 高靜, an independent third party. The net liabilities of 北京中採 at the date of disposal were as follows:

	HK$'000
Net liabilities disposal of	
Plant and equipment	38
Available-for-sale investment	6,294
Other receivables	416
Bank balances and cash	128
Other payables	(10,659)
	(3,783)
Release of translation reserve on disposal	663
Gain on disposal	3,120
Total consideration	13
Satisfied by cash	13
Net cash outflow arising on disposal	
Cash consideration	13
Cash and cash equivalents disposed of	(128)
	(115)

21. PLEDGE OF ASSETS

As at 31 December 2014, the Group had pledged the following assets to secure the credit facility granted to an independent third party:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Buildings	–	5,077
Prepaid lease payments	–	14,553
Investment properties	–	229,673
	–	249,303

22. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Commitment under operating lease

The Group as lessor

Rental income earned during the period was approximately HK$3,394,000 (2014: nil).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**7,071**	6,690
In the second to fifth years inclusive	**18,610**	11,232
	25,681	17,922

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**13,019**	12,695
In the second to fifth years inclusive	**3,567**	9,167
	16,586	21,862

Operating lease payments represent rentals payable by the Group for certain of its office premises. The lease typically runs for an initial term of 1 to 2 years (2014: 1 to 2 years), with an option to renew the lease when all terms are renegotiated and rentals are fixed over the relevant lease term.

22. COMMITMENTS (Continued)

(b) Capital commitments

Capital commitments at the end of the reporting period were as follows:

	30 June 2015 HK$'000 (Unaudited)	31 December 2014 HK$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of		
— acquisition of intangible assets	8,227	8,200
— capital injection to associates	55,908	21,684
	64,135	29,884

23. RELATED PARTY TRANSACTIONS

Key management compensation

The remuneration of directors and other members of key management during the period are as follows:

	30 June 2015 HK$'000 (Unaudited)	30 June 2014 HK$'000 (Unaudited)
Short-term employee benefits	5,457	9,436
Equity-settled share-based payment expense	—	2,660
	5,457	12,096

24. EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in these financial information, the Group had the following significant events after the reporting period.

(i) Subsequent to the end of the reporting period, other payables of HK$23,200,000 was settled through the issue of 149,677,419 ordinary shares of the Company. Further details of which are set out in the Company's announcement dated 3 August 2015.

(ii) On 12 June 2015, the Company entered into an agreement with a placing agent (the "Placing Agent") to place up to 2,624,670,080 ordinary shares of the Company at a placing price of HK$0.260 each.

On 31 July 2015, the Company and the Placing Agent mutually agreed to terminate the placing.

Further details of which are set out in the Company's announcements dated 12 June 2015 and 31 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

2015 marks the start of a new chapter for China Public Procurement Limited (the "Group") as we continue the developments achieved last year and solidify our leading position in electronic public procurement in the PRC. The Group will continue to establish its CPP Brand while further building and optimizing its procurement platforms, serving both public and commercial organisations. Through our current platform, we further strengthen our organic growth initiatives by focusing on gaining new products sources and customers and developing additional businesses.

Public Procurement & Resources Business

As at 30 June 2015, we established and operated inter-connected platforms for various provinces and municipal cities in the PRC, including Qinghai, Hubei, Hunan, Shandong, Liaoning, Chongqing, Xinjiang Uyghur Autonomous Region, and Guangxi Zhuang Autonomous Region, under our public procurement platform (www.China-cpp.com). Currently, the platform (www.China-cpp.com) provides vital procurement and vendor information. In addition, value-added services such as credit investigation, digital certificates and tendering assistance services are provided. Following a year of steady development, the number of registered users has increased with satisfactory growth in usage and transaction volume.

Moreover, excellent results were achieved under our college procurement platform (gaoxiao.China-cpp.com), of which 23 colleges and universities were registered as users. Colleges currently covered by the platform came from as many as 7 provinces, namely Hubei, Hunan, Jiangxi, Shaanxi, Guangdong, Jilin and Heilongjiang. The platform provides electronic procurement services and technical support for its college users, which is seamlessly connected to our public procurement platform.

The Standing Committee of the State Council recently approved a proposal to integrate and establish a standardised body of regulations for public resource trading platforms as a means to promote transparency and efficiency in public procurement transactions. Under the proposal, it is required that integration work of public resource trading platform be completed by the end of June 2016 for local governments of different levels, and that a nationwide public resource trading platform system be institutionalised by the end of June 2017. This development will provide an excellent opportunity for the Company as industry leader to further explore the next phase of public procurement platform.

O2O Business

Our bulk commodity trading business grew significantly in the first half of 2015 with a total turnover of approximately HK$1.78 billion. Meanwhile, the valuable experience we gained from traditional offline business laid out a solid foundation for our future work on developing electronic trading platforms and conducting O2O businesses.

Financing Business

We continue to explore trade finance service opportunities in cooperation with local banks. Agreements were signed with local banks for partnerships in respect of B2B and online payment connections. Functionalities such as online bank-mediated payments and third-party payment platform are being developed.

Prospect

The focus of the Group will be on improving the functionalities of the electronic trading platforms in the second half of 2015. The Group will explore opportunities to enhance value-added services and support in trading services for vendors and will continue to develop a complete industry chain for public procurement that benefits multilaterally for every stakeholders along the supply chain. The Group may require additional financial resources to support future development plan.

Updates on Cooperation Agreements or Memorandum of Understanding

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
1.	27 January 2014 UPDATE ON BUSINESS DEVELOPMENT	19 January 2014	(i) the PRC Partner; and (ii) China Trade Development Centre	Cooperation between the PRC Partner and China Trade Development Centre in the organisation of international forums and conferences, the establishment of trade exhibition centres and electronic commerce platforms, the development of professional trading markets and the arrangement of international trade and investment projects in relation to public procurement.	Pursuant to the Cooperation Framework Agreement, the convention centre in Guanggu, the PRC, is currently under the design and development stage, with adjustments to be made as and when necessary depending on the circumstances. In addition, the Group has utilised the cooperation channels of China Trade Development Centre and China International Trade Council in its procurement and trade projects in overseas markets and has entered into, for example, procurement of agricultural products (feed corn) in Ukraine.
2.	26 August 2014 UPDATE ON BUSINESS DEVELOPMENT	12 August 2014	(i) the EJV; and (ii) Beijing Credit Management Company	Establishment of the database of suppliers' credit information of the China Public Procurement Platform by the EJV; provision of credit investigation and credit rating services by Beijing Credit Management Company in the course of the establishment of the Supplier Information Database.	Pursuant to the Credit Investigation Cooperation Agreement, supplier credit information and credit rating services are currently being provided under the China Public Procurement Platform and the EJV is starting to derive revenue from collecting fees from suppliers registered for such services. The Supplier Information Database is currently under the design and development stage.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
3.	26 August 2014 UPDATE ON BUSINESS DEVELOPMENT	19 August 2014	(i) the EJV; and (ii) Beijing Sunshine	(i) the inter-connection between the Beijing Sunshine Platforms and the China Public Procurement Platform; (ii) cooperation in the development and promotion of the use of public procurement electronic market (公共採購電子商城) system developed and maintained by Beijing Sunshine; (iii) cooperation in sourcing public procurement information for the operation of Gongcai Tong; (iv) cooperation in the development and promotion of value-added products relating to public procurement developed by Beijing Sunshine; and (v) sharing of members between Gongcai Tong and the Beijing Sunshine Websites.	Pursuant to the Beijing Sunshine Cooperation Agreement, the EJV and Beijing Sunshine have commenced their cooperation in sharing of public procurement related information for the operation of Guocai Tong on the China Public Procurement Platform, which provides constant update on such information to registered suppliers. The implementation as to other aspects of the Beijing Sunshine Cooperation Agreement will be subject to further discussions between the parties.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
4.	27 August 2014 UPDATE ON BUSINESS DEVELOPMENT	19 August 2014	(i) the EJV; and (ii) Beijing Financial	Cooperation between the EJV and Beijing Financial in marketing and promotion, inter-connection between Gongcai Tong and the Beijing Financial Management System, credit investigation services, electronic receipt services, third party payment services and financial and factoring services. Depending on the status of cooperation between the parties, the Group might also enter into discussion in relation to the proposed acquisition of Beijing Financial.	As the equity interest of Beijing Financial has been acquired by another party, the Company considers one aspect of the parties' cooperation was no longer available. The Company is considering ceasing the potential cooperation with Beijing Financial and terminating the Beijing Financial Cooperation Agreement.
5.	10 November 2014 UPDATE ON BUSINESS DEVELOPMENT	16 October 2014	(i) the Company; (ii) Jilin Agriculture; (iii) JHJ International; (iv) CTS International; (v) Shenzhen Agricultural; (vi) Jinggong Group; and (vii) Sino-European Fund	Cooperation between the parties in the investment, development and operation of the Agro-industrial Project and the Exchange Project.	Pursuant to the Agricultural Cooperation Agreement, the Company expects to make bulk purchases of agricultural products such as rice and corns from corporations located in Russia and other places and is still in the course of negotiating the terms of framework agreements with such corporations under the Agro-industrial Project.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
6.	10 November 2014 UPDATE ON BUSINESS DEVELOPMENT	7 November 2014	(i) the Company; and (ii) Zhejiang Jiuhao Office Services Company	Establishment of the electronic trading platform for the procurement of office supplies.	As stated in the announcement of the Company dated 10 December 2014, the Company entered into an exclusive services and cooperation agreement ("Exclusive Services and Cooperation Agreement") pursuant to the Strategic Cooperation Agreement in relation to the cooperation arrangements regarding the electronic trading platform for certain logistics services proposed to be established under the China Public Procurement Platform; the terms of such business arrangement with Zhejiang Jiuhao Office Services Company have been modified and supplemented by subsequent agreements among the parties.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
					On 28 August 2015, the Board announced that although the exclusive services and cooperation agreement has been entered into in December 2014, the said agreement has not been performed since its signing by the parties. In view of the prolonged lack of development of the said project and after discussion among the parties, among others, the Company, the EJV, the PRC Partner and Zhejiang Nine Top entered into a termination agreement on 28 August 2015. Pursuant to the termination agreement, the parties agreed that, among other matters, (i) the framework agreement, the exclusive services and cooperation agreement and any other relevant documents (collectively, the "Agreements") in relation to the said project shall be terminated; (ii) the parties shall not be liable for any breach of contract resulting from the termination of the Agreements; and (iii) the parties shall no longer be required to fulfil their obligations that would otherwise have to be fulfilled under the Agreements. The Board considered that the termination of the Agreements did not have any material adverse impact on the operations of the Group.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
7.	12 November 2014 POTENTIAL BUSINESS DEVELOPMENT	7 November 2014	(i) Guocai Supply Chain, in which Mr. Cheng Yuanzhong (an executive Director and the Chairman of the Board) and the PRC Partner are interested; (ii) Xinjiang Cotton; (iii) Haiwei Technology; and (iv) Jieliya Group ***Note: The Group was not a party to the Xinjiang Agreement***	Establishment and operation of the trading platform for the bulk trading of cotton of Xinjiang, other agricultural products and industrial mineral products among parties to the Xinjing Agreement. The Group then considered there might be future business opportunity to the Group where the trading platform proposed to be established pursuant to the Xinjing Agreement may be integrated with the China Public Procurement Platform.	There is no ongoing discussion between the Company and parties to the Xinjing Agreement with regard to potential business cooperation between them, given that the Group was not a party to the Xinjiang Agreement. With the "One Belt One Road" (一帶一路) policy of the PRC government, the Company may look into the possibility of cooperating with service providers to establishing trade channels in the Western part (Xinjiang) of the PRC as a whole, and not only focus in cotton and other agricultural and industrial mineral products in the area.
8.	5 December 2014 VOLUNTARY ANNOUNCEMENT RED CROSS COOPERATION AGREEMENT	5 December 2014	(i) the EJV; and (ii) Red Cross Centre	Cooperation between the EJV and Red Cross Centre in relation to the procurement of resources and services necessary for Red Cross Centre's poverty alleviation or other charitable activities through the China Public Procurement Platform.	A joint working group has been established for the discussion and implementation of the Red Cross Cooperation Agreement. Discussions are ongoing between the parties.
9.	16 December 2014 UPDATE ON BUSINESS DEVELOPMENT	16 December 2014	(i) the Company; (ii) Jingdong; and (iii) CPPA	Cooperation between the Company, Jingdong and CPPA in the development and promotion of the use of the public procurement electronic market (公共採購電子商城) system.	A joint working group consisting of members of the Company and Jingdong has been established for the sharing of client-related resources and information relating to public procurement organisations. The Electronic Market API Standard is currently under the technical design and development stage.

	Date and title of announcement	Date of agreement	Parties	Nature of proposed project or transaction	Latest development
10.	23 June 2015 UPDATE ON BUSINESS DEVELOPMENT	23 June 2015	(i) the Company; and (ii) CCOEC	Cooperation in the import and export business, domestic and foreign construction projects, and domestic and foreign trade.	The Cooperation Agreement was entered into in June 2015, the Company expects that the parties would have further discussions on the implementation of the Cooperation Agreement in or around August 2015.

FINANCIAL HIGHLIGHTS

The Group achieved solid results in the first half of 2015 amidst a mixed economic landscape. We delivered modest growth in turnover and total gross profit.

Financial performance for the six months ended 30 June 2015, as compared to the same period in the previous year, are as follows:

— Total turnover increased by 332 times to HK$1,790 million mainly due to significant growth in Commodity Trading, the business of which was started in the fourth quarter of 2014;

— Total gross profit increased by 213% to HK$4.03 million;

— Operating loss decreased by 44% to HK$45.5 million, as a result of increased gross profit and other income, and also because there were no share options expense recorded for the period (six months ended 30 June 2014: HK$25 million);

— Loss attributable to shareholders decreased to HK$44.7 million from HK$78.9 million for the comparative period in the previous year; and

— Loss attributable to the owners was HK$0.39 cent per share (six months ended 30 June 2014: loss per share HK$0.69 cent per share).

Geographically, China continued to be the Group's key market, representing 100% of total turnover. For the six months ended 30 June 2015, while Commodity Trading accounted for 99% of the Group's turnover and 77% of gross profit, we continue to experience progress in the public procurement sector and the corporate IT solution sectors, earning HK$4.4 million and HK$4.5 million in revenue respectively in the six months ended 30 June 2015 (HK$1.8 million and HK$3.6 million respectively for the six months ended 30 June 2014). The Group has recently begun investing in resources for Vendor Support Services, such as trade financing to drive the expansion of our operating revenue and profit margin. This development is still in the early stages and we are monitoring the situation closely in view of the recent adjustments on the stock market which impacts liquidity and availability of credit in the near term. In the second half of 2015, we will continue to focus our efforts on optimizing the public procurement platforms and capturing market segments, such as electronic trading procurement platforms for universities and colleges which provide catalysts for further strengthening our business. At the same time, we will continue to implement our plans for organic growth and invest in key strategic areas to support our long term strategic goal.

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: nil).

SUBSCRIPTION OF NEW SHARES

During the Period, 1,000,000,000 new shares were subscribed by a subscriber in aggregate at a subscription price of HK$0.1705 per subscription share for net proceeds of HK$161.4 million, which will be used for general working capital of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group maintained cash and bank balances of approximately HK$107.3 million (31 December 2014: approximately HK$19.9 million). As at 30 June 2015, the Group's working capital (net current assets) and current ratio were of approximately HK$221.0 million (31 December 2014: approximately HK$102.1 million) and 1.96 (31 December 2014: 1.43) respectively.

Gearing Ratios

Gearing ratios is not applicable to the Group as the Group had no external borrowing as at 30 June 2015 (31 December 2014: nil).

Pledge of Assets

As at 30 June 2015, none of the Group's assets were pledged.

Foreign Exchange Exposure

The Group has limited exposure to fluctuation in foreign currencies as most of its transactions are denominated in HK dollars, US dollars and Renminbi. Exchange rates between these currencies with Hong Kong dollars were relatively stable during the Period. The Group has not entered into any foreign currency forward exchange contract for the purpose of hedging against foreign exchange risks involved in the Group's operations.

Staff and Remuneration Policy

The Group determines staff remuneration in accordance with market terms, individual qualifications and performance. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 30 June 2015, the Group had approximately 229 employees, and total remuneration of employees (including directors of the company (the "Director(s)") was approximately HK$31.4 million. The Company maintains two share option schemes, 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.

SHARE OPTION SCHEMES

The Company has two share option schemes which adopted on 12 June 2002 (the "Old Scheme") and 13 June 2013 (the "New Scheme") respectively. The Old Scheme was expired on 11 June 2012. As at 31 March 2015, the total number of outstanding share options under the Old Scheme was 124,100,000, representing approximately 1.02% of the issued share capital of the Company. The total number of shares available for issue of the New Scheme was 1,008,926,701, representing approximately 8.34% of the issued share capital of the Company.

Details of the share options movements during the six months ended 30 June 2015 under the share option schemes adopted by the Company on 12 June 2002 and 13 June 2013 are as follows:

		Number of share options								
Name of category	**Date of grant of share options**	**Outstanding as at 01.01.2015**	**Granted during the Period**	**Exercised during the Period**	**Lapsed during the Period**	**Cancelled during the Period**	**Outstanding as at 30.06.2015**	**Vesting period**	**Validity period of share options**	**Exercise price** *(HK$)*
Directors										
Cheng Yuanzhong	28.05.2012	15,000,000	–	–	15,000,000	–	–	–	28.05.2012 to 27.05.2015	0.762
Wang Ning	28.05.2012	10,000,000	–	–	10,000,000	–	–	–	28.05.2012 to 27.05.2015	0.762
Wu Fred Fong	28.05.2012	3,300,000	–	–	3,300,000	–	–	–	28.05.2012 to 27.05.2015	0.762
	02.07.2013	3,000,000	–	–	–	–	3,000,000	–	02.07.2013 to 01.07.2016	0.762
Chan Tze See, Kevin	28.05.2012	3,300,000	–	–	3,300,000	–	–	–	28.05.2012 to 27.05.2015	0.762
	02.07.2013	3,000,000	–	–	–	–	3,000,000	–	02.07.2013 to 01.07.2016	0.762
Shen Shaoji	02.07.2013	5,000,000	–	–	–	–	5,000,000	–	02.07.2013 to 01.07.2016	0.762
Peng Zhiyong (resigned on 15 July 2015)	28.05.2012	12,000,000	–	–	12,000,000	–	–	–	28.05.2012 to 27.05.2015	0.762
Zhang Zhongmin (resigned on 15 July 2015)	06.06.2014	10,000,000	–	–	–	–	10,000,000	–	06.06.2014 to 05.06.2017	0.415
Yang Lei (resigned on 15 July 2015)	06.06.2014	10,000,000	–	–	–	–	10,000,000	–	06.06.2014 to 05.06.2017	0.415
Subtotal		74,600,000	–	–	43,600,000	–	31,000,000			
Other Employees	28.05.2012	137,500,000	–	–	137,500,000	–	–	–	28.05.2012 to 27.05.2015	0.762
	02.07.2013	158,000,000	–	–	–	–	158,000,000	–	02.07.2013 to 01.07.2016	0.762
	02.07.2013	110,000,000	–	–	–	–	110,000,000	–	02.07.2013 to 01.07.2016	0.640
	18.10.2013	15,000,000	–	–	–	–	15,000,000	–	18.10.2013 to 17.10.2016	0.762
	03.06.2014	100,000,000	–	–	–	–	100,000,000	–	03.06.2014 to 02.12.2015	0.385
	06.06.2014	100,000,000	–	–	–	–	100,000,000	–	06.06.2014 to 05.06.2017	0.415
Subtotal		620,500,000	–	–	137,500,000	–	483,000,000			
Total		695,100,000	–	–	181,100,000	–	514,000,000			

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares held	Percentage of the issued share capital as at 30 June 2015
Cheng Yuanzhong	Beneficial interest	17,808,000	—	0.13%
Ho Wai Kong	Corporate interest	637,388,000 *(Note 1)*	4,284,725 *(Note 1)*	4.88%
	Beneficial interest	74,800,000	5,000,000 *(Note 2)*	0.60%
	Spousal interest	279,348,000 *(Note 3)*	—	2.12%
Zheng Jinwei	Beneficial interest	60,000,000	—	0.45%
Wu Fred Fong	Beneficial interest	15,000,000	—	0.11%
			3,000,000 *(Note 4)*	0.02%
Chan Tze See, Kevin	Beneficial interest	—	3,000,000 *(Note 4)*	0.02%
	Spousal interest	352,000 *(Note 5)*	—	0.00%

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares held	Percentage of the issued share capital as at 30 June 2015
Shen Shaoji	Beneficial interest	—	5,000,000 *(Note 4)*	0.03%
Yan Wei (resigned on 15 July 2015)	Corporate interest	67,360,000 *(Note 6)*	—	0.51%
Zhang Zhongmin (resigned on 15 July 2015)	Beneficial interest	—	10,000,000 *(Note 4)*	0.07%
Yang Lei (resigned on 15 July 2015)	Beneficial interest	—	10,000,000 *(Note 4)*	0.07%

Notes:

1. Mr. Ho Wai Kong is interested in 641,672,725 shares under controlled corporation, of which 641,172,725 shares are held by Master Top Investments Limited, an associated corporation of the Company, and 500,000 shares are held by Similan Limited. Both companies are beneficially owned by Mr. Ho Wai Kong. Master Top Investments Limited is also entitled to a maximum of 4,284,725 convertible Preferred Shares.

2. Mr. Ho Wai Kong is interested in these Preferred Shares.

3. Mr. Ho Wai Kong is the spouse of Ms. Guo Binni and is therefore deemed to be interested in 279,348,000 shares held by Ms. Guo Binni under the SFO.

4. These share options were granted by the Company under the New Scheme.

5. Mr. Chan Tze See, Kevin is the spouse of Ms. Lam Lai Chong and is therefore deemed to be interested in the 352,000 shares held by Ms. Lam Lai Chong under the SFO.

6. Mr. Yan Wei is interested in 67,360,000 shares under controlled corporation, Heng Xin Capital Limited.

Save as disclosed above, as at 30 June 2015, none of the Directors nor their associates had any interests or short positions in any shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 June 2015, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executives of the Company, had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of shareholders	Capacity	Number of Preferred Shares interested	Number of shares interested	Percentage of the issued share capital as at 30 June 2015
Guo Binni *(Note 1)*	Beneficial interest	—	279,348,000	2.12%
	Spousal interest	9,284,725	712,188,000	5.49%
Top Blast Limited ("Top Blast") *(Note 2)*	Beneficial interest	—	1,857,280,000	14.15%
China Public Procurement (Hong Kong) Technology Company Limited ("CPP (HK) Technology") *(Note 2)*	Corporate interest	—	1,857,280,000	14.15%
	Beneficial interest	—	11,200,000	0.08%
Guocai Science & Technology Company Limited ("Guocai Science") *(Note 2)*	Corporate interest	—	1,868,480,000	14.22%
Champion Union Investments Limited *(Note 3)*	Beneficial interest	—	1,539,720,000	11.73%
Fan Xiulian *(Note 4)*	Corporate interest	—	1,539,720,000	11.73%
First Profit Corporation Limited *(Note 5)*	Beneficial interest	—	1,000,000,000	7.62%
Innovation Assets Management Co., Ltd *(Note 5)*	Corporate interest	—	1,000,000,000	7.62%

Notes:

1. Ms. Guo Binni is the spouse of Mr. Ho Wai Kong and is therefore deemed to be interested in 641,672,725 shares under his controlled corporation, including 4,284,725 Preferred Shares. She is also deemed to be interested in 79,800,000 shares held by Mr. Ho Wai Kong, including 5,000,000 Preferred Shares under SFO.

2. Top Blast is directly, wholly and beneficially owned by CPP (HK) Technology which is directly, wholly and beneficially owned by Guocai Science.

3. Champion Union Investments Limited directly, wholly and beneficially owns Metro Factor Limited, Haiwei International Group Limited and Weijia Limited, which are shareholders of the Company.

4. Ms. Fan Xiulian owns Champion Union Investments Limited, which directly, wholly and beneficially owns Metro Factor Limited, Haiwei International Group Limited and Weijia Limited.

5. First Profit Corporation Limited is directly, wholly and beneficially owned by Innovation Assets Management Co., Ltd.

Save as disclosed above, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 30 June 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Placing and Subscription of New Shares

(1) On 30 May 2014, the Company entered into a placing agreement with Changjiang Securities Brokerage (HK) Limited (the "Placing Agent 1"), pursuant to which the Company conditionally agreed to place, through the Placing Agent 1, up to a maximum of 1,500,000,000 new ordinary shares of HK$0.01 each in the capital of the Company

(the "Placing Share(s)"), on a best-effort basis to not fewer than six independent placees at a price of HK$0.36 per Placing Share (the "Placing 1"). The Board considered that the Placing 1 would further strengthen the capital base and financial position of the Group.

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

The Placing 1 was completed on 20 June 2014. An aggregate of 698,888,000 Placing Shares has been successfully placed to less than six placees, namely Forever Tree Development Limited, New China Management Limited, Mr. Wong Cho Fai, Nicholas and Wellchamp Fund Limited, at a price of HK$0.36 per Placing Share, raising gross proceeds of HK$251.6 million. The net proceeds from the Placing 1 amounted to approximately HK$251.1 million which would be used for general working capital of the Group.

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

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

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

The Placing 2 was completed on 23 December 2014. An aggregate of 73,500,000 Placing Shares has been successfully placed to not less than six placees at a price of HK$0.242 per Placing Share, raising gross proceeds of HK$17.8 million. The net proceeds from the Placing 2 amounted to approximately HK$17.4 million which would be used for general working capital of the Group.

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

The equity fund raising activities conducted by the Company as at the date of the announcement are set out below:

Date of announcements	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds	HK$	percentages
30 May 2014 and 20 June 2014	Placing of 698,880,000 new Shares under the General Mandate	HK$251.1 million	For general working capital of the Group	Advances for trading	100 million	39.8%
				Repayment for bank loan	63.3 million	25.2%
				Administrative expenses	78.10 million	31.1%
				Working capital	9.7 million	3.9%
8 December 2014 and 23 December 2014	Placing of 73,500,000 new Shares under the General Mandate	HK$17.4 million	For general working capital of the Group	Working capital	17.4 million	100%

(3) On 27 March 2015, the Company entered into a subscription agreement whereby the Company has conditionally agreed to issue and allot a total of 1,000,000,000 new ordinary shares of HK$0.01 each in the capital of the Company (the "Subscription Share(s)") at HK$0.1705 per share to an independent third party (the "Subscriber") (the "Subscription").

The Directors are of the view that the subscription agreement represents a good opportunity to raise additional funds for the Group's working capital purpose and at the same time strengthen its capital base and financial position.

The Directors (including the independent non-executive Directors) considers the terms and conditions of the subscription agreement to be fair and reasonable, on normal commercial terms and are in the best interests of the Company and the shareholders of the Company as a whole.

The closing price per ordinary share as quoted on the Stock Exchange on 27 March 2015, being the date of the subscription agreement was HK$0.213. The net price for each Subscription Share was approximately HK$0.1705.

The Subscription was completed on 29 May 2015. An aggregate of 1,000,000,000 Subscription Shares has been successfully subscribed by the Subscriber at a price of HK$0.1705 per Subscription Share, raising gross proceeds and net proceeds of HK$170.5 million and HK$161.4 million respectively. The net proceeds from the Subscription would be used for general working capital of the Group.

Details of the above Subscription were published in the Company's announcements dated 27 March 2015 and 29 May 2015.

(4) On 12 June 2015, the Company entered into a placing agreement with Placing Agent 1, pursuant to which the Company conditionally agreed to place, through the Placing Agent 1, up to a maximum of 2,624,670,080 new ordinary shares of HK$0.01 each in the capital of the Company, on a best-effort basis to not fewer than six independent placees at a price of HK$0.260 per Placing Share (the "Placing 3"). The Board considered that the Placing 3 would further strengthen the capital base and financial position of the Group.

The closing price per ordinary share as quoted on the Stock Exchange on 12 June 2015, being the date of the placing agreement was HK$0.320. The net price for each Placing Share was approximately HK$0.259.

The Placing 3 was terminated on 31 July 2015 due to market conditions. The Directors believe that the termination of the Placing 3 contemplated thereunder has no material adverse impact on the financial position and operations of the Company.

Details of the above transaction were published in the Company's announcement dated 12 June 2015 and 31 July 2015.

The equity fund raising activities conducted by the Company as at the date of the announcement are set out below:

Date of announcements	**Event**	**Net proceeds (approximately)**	**Intended use of proceeds as announced**	**Actual use of proceeds**	**HK$**	**percentages**
27 March 2015 and 29 May 2015	Subscription of 1,000,000,000 new Shares under the General Mandate	HK$161.4 million	For general working capital of the Group	Payment for trading and business operation	43.6 million	27%
				Administration expenses	55.4 million	34.3%
				Remaining cash	62.4 million	38.7%

Convertible Preferred Shares

During the Period, the Company issued a total of 49,619,624 fully paid ordinary shares upon conversion of the preferred shares of the Company (the "Preferred Shares").

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

DISCLOSEABLE TRANSACTION

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

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

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

As at the date of this announcement, the above transaction is in progress.

MAJOR TRANSACTION

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

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

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

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

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

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

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

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

* *The English translation is for identification purpose only*

MEMORANDUM OF UNDERSTANDING

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

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

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

CONNECTED TRANSACTIONS

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

On 28 August 2015, the Board announced that although the exclusive services and cooperation agreement has been entered into in December 2014, the said agreement has not been performed since its signing by the parties. In view of the prolonged lack of development of the said project and after discussion among the parties, among others, the Company, the EJV, the PRC Partner and Zhejiang Nine Top entered into a termination agreement on 28 August 2015. Pursuant to the termination agreement, the parties agreed that, among other matters, (i) the framework agreement, the exclusive services and cooperation agreement and any other relevant documents (collectively, the "Agreements") in relation to the said project shall be terminated; (ii) the parties shall not be liable for any breach of contract resulting from the termination of the Agreements; and (iii) the parties shall no longer be required to fulfil their obligations that would otherwise have to be fulfilled under the Agreements.

The Board considered that the termination of the Agreements did not have any material adverse impact on the operations of the Group.

Details of the above transaction were published in the Company's announcements dated 10 December 2014 and 28 August 2015.

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

As additional time is required for the Company to finalise the circular, in particular the financial information on 國採（北京）科技發展有限公司 (Guocai (Beijing) Technology Development Company Limited*) and 天恒招標有限公司 (Tianheng Tendering Co., Ltd.*) to be disclosed in the circular, the Board expects the date of despatch of the circular to the shareholders of the Company will be delayed to a date falling on or before 31 December 2015.

Details of the above transaction were published in the Company's announcements dated 22 January 2015, 31 March 2015 and 30 June 2015.

* *The English translation is for identification purpose only*

BIOGRAPHY OF DIRECTORS

Executive Directors

Mr. Cheng Yuanzhong, aged 57, is an Executive Director, Chairman of the Board and chairman of the Nomination Committee. Mr. Cheng is a director of several subsidiaries of the Company. He holds a bachelor degree in philosophy from Wuhan University.

He commenced his career at the Development Research Centre of the State Council (國務院發展研究中心) (the "DRC"), the PRC where he was engaged in various research activities in macroeconomics, international economics and foreign trade policy with particular emphasis on the issues related to the General Agreement on Tariffs and Trade ("GATT").

He has made extensive efforts on the research of public management as well as e-government and its application. In 2002, he liaised with United Nations Economic and Social Council (ECOSOC) and other organisations to hold an international conference in Beijing in relation to e-government and public administration.

Since 2006, Mr. Cheng has been the chief researcher of the Oriental Comprehensive Research Institute of Public Administration (東方公共管理綜合研究所) of the DRC and the chief coordinator of the Government Procurement Management Reformation Research Team (政府採購管理體制改革研究課題組) of the DRC. With the support from various PRC government offices, he implemented and arranged the public e-procurement pilot programme in China.

Prior to joining the Company, Mr. Cheng was the section head of the Government Office Administration of the State Council, the PRC (中國國務院機關事務管理局), the deputy officer of the Service Centre (機關服務中心) of the DRC and the deputy managing director of the Oriental Comprehensive Research Institute of Public Administration of the DRC. Mr. Cheng has also published several writings on the issues between GATT and the PRC and he was the chief editor of The Guideline for Small and Medium Enterprises in the PRC to List Overseas (《中國中小企業海外上市指南》).

He is currently a vice president of the China Federation of Logistics and Purchasing.

Mr. Ho Wai Kong, aged 59, is an Executive Director, Honorary Chairman of the Board and a member of the Nomination Committee, as well as a director of several subsidiaries of the Company. Mr. Ho is an entrepreneur who for the last 30 years has been actively involved in China/Hong Kong cross border business development. Mr. Ho's extensive experience, far-reaching network and business acumen will be invaluable for the Company in its business development in the PRC.

Mr. Zheng Jinwei, aged 46, is an Executive Director and Chief Executive. He obtained a degree of bachelor of engineering from Beijing University of Chemical Industry in 1991, and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2014. With previous work experience in Beijing University of Chemical Industry, he worked as a director of Beijing Tiandi Jingwei Technology & Trade Limited* (北京天地經緯科貿有限公司) and Beijing Tiandi Ruiqi Technology & Trade Limited* (北京天地瑞祺科貿有限公司) from 1996 to 2006. Since 2006, he has served as a director in Zhao Wei International Enterprise Limited* (兆偉國際企業有限公司).

Mr. Wong Wei Kit, aged 62, is an Executive Director and Chief Financial Officer. He obtained a bachelor degree of arts from Simon Fraser University, British Columbia, Canada in 1977. He is also a member of the Institute of Chartered Accountants of British Columbia, Canada, having worked as an auditor at Deloitte in Vancouver, Canada and PricewaterhouseCoopers in Hong Kong. He joined Hutchison Telecommunications Group in 1989, serving as Finance Director, leading the mergers and acquisitions team to start up international joint ventures and investment projects. He has more than 25 years of experience in managing telecommunications, media and technology projects. From January 2009 to January 2014, he joined e-Kong Group Limited, a listed company in Hong Kong and served as its Chief Financial Officer from March 2011. Currently he is an Independent Director of Spackman Entertainment Group Limited, a company listed on the Catalist Board in Singapore.

Mr. Mao Dai, aged 47, is an Executive Director. He obtained a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2013. He has been the general manager of Hangzhou Yihe Textile Co. Ltd.* (杭州易和紡織品有限公司任職總經理) since 1997, and the chairman of the board of Hong Kong Caidi International (Group) Limited* (香港彩迪（國際）集團)有限公司) since 2009.

Non-executive Directors

Mr. Wang Ning, aged 59, is a Non-executive Director. He obtained his bachelor degree in political economics from the First Branch College of the Renmin University of China* (中國人民大學第一分校).

Mr. Wang has substantial experience in the field of electronics information industry and has a deep understanding of sales, marketing, network, conferences and exhibitions and the development of consumer electronics. He was formerly the deputy director of the Office of the Bureau of Sales of the Ministry of Electronics Industry (電子工業部銷售局辦公室) of the PRC and the director of the Management Division of the National Household Appliances Repair and Management Centre (全國家電維修管理中心). He is currently a senior economist.

Since 1993, Mr. Wang has been the vice president and secretary general of China Electronics Chambers of Commerce (中國電子商會). He is currently an independent director of Jilin Sino-Microelectronics Co., Ltd. (SSE Stock Code: 600360), a Shanghai listed company and a member of the supervisory board of Vtion Wireless Technology AG (Stock Code: V33), a Frankfurt listed company. He is also the president of the Consumer Electronics Magazine (《消費電子》).

Mr. Chen Limin, aged 52, is a Non-executive Director. He graduated from the faculty of law of the Southwest University of Political Science & Law in 1985, and was qualified as a lawyer in the PRC in 1987. Since 1992, he has been engaged in securities-related legal affairs in the PRC and served as a lawyer and partner in a number of law firms in Shenzhen and Beijing. Currently he is a lawyer and partner serving in Zhong Lun Law Firm in Beijing.

Mr. Yue Yifeng, aged 42, is a Non-executive Director. He graduated from the department of computer science of Sichuan University in 1995. He is familiar with investment and financing for start-ups and has accumulated a rich portfolio of successful investment examples and high-end social resources in the industry by virtue of his broad horizon, business acumen and great insight.

Mr. Yue founded 8211 Remote Education Web* (8211遠端教育網) in 2000 and worked as the general manager in telecommunications of Chengdu Changfeng, a listed company on Shanghai stock exchange in 2003. He began to undertake a series of business launches in the Internet business field commencing in 2005, founding various well-known Internet-related local companies such as Beijing Wangyue Hulian* (北京網樂互聯) invested by internationally renowned venture capitals with an amount of tens of millions US dollars, Chengdu Search* (成都全搜索) which was acquired by Chengdu Media Group, Chengdu Yihaiqingtian* (成都逸海情天) acquired by Perfect World Co. Ltd, moreWiFi which was shortlisted as the WiFi service provider of Tencent WeChat, and 91Gold, the first golf-themed social media platform in China.

Mr. Yue founded Defenghao Fund* (德豐浩基金) in 2013, which has since invested in premium projects such as FishSaying (魚説科技), a mobile intelligent guide; 沃客加, a start-up community incubator; 義幻醫療, a healthcare service software, moreWiFi, a mode of interactive marketing through WeChat WiFi; 人人優泊, an intelligent car-parking application; and 天天陪護, a mobile healthcare application, among others. With his acute sense of investment judgement and effective investment service, he managed to set a wave of popularity for Defenghao among the "Internet+" industry in Chengdu.

Ms. Liu Lizhen, aged 39, is a Non-executive Director. She graduated from Hangzhou Dianzi University with a bachelor degree in 1997. From 1997 to 2007, she worked in Taikoo (Xiamen) Aircraft Engineering Co. Ltd. and later worked in Beijing Orient Huibo Human Resource Consulting Services Limited. From 2007 to 2014, she worked in various positions, including consultant and consultant manager, in 51JOB (NASDAQ: JOBS), and within the period she had been a human resource manager of Longfor Group. She has been the human resource director of 國採（北京）投資有限公司 since 2014.

Mr. Hu Wei, aged 39, is a Non-executive Director. He was a graduate from the department of finances of Jiangxi Vocational College of Finance and Economics (江西財經學院) in 1996. He worked in Guangdong Midea Group Holdings Co. Ltd from 1997 to 2004, and as a financial director of Midea Group Company Limited from 2004 to 2005. He worked in Foshan Midea Household Electric Appliances Group Company from 2005 to 2010, serving at various positions such as senior manager and vice director. From 2010 to 2011, he was the chief operating officer of Chongqing Zongshen Industrial Group, and from 2011 to 2012, he worked as the president of Chongqing Zongshen Automobile Group* (重慶宗申機車集團). He worked as the operation vice-president of Mingjun Group Technology Limited from 2012 to 2014. Since 2014, he has worked as the operation vice-president of Zhengbang Group Co. Ltd.

Independent Non-executive Directors

Mr. Wu Fred Fong, aged 67, has been an Independent Non-executive Director since 26 June 2009, chairman of the Audit Committee and Remuneration Committee since 28 September 2009 and a member of the Nomination Committee since 29 March 2012. Mr. Wu has considerable directorship and corporate governance experience and has involved in auditing, corporate planning, corporate finance, investment and consulting with public companies in Canada and Hong Kong. Mr. Wu holds a master's degree in Business Administration in the Schulich School of Business, York University, Canada. He is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu is currently an independent non-executive director of Minth Group Limited, and Shen Yuan Holdings Limited, the shares of both of which are listed on the Main Board of the Stock Exchange (stock codes on the Stock Exchange: 425 and 851 respectively).

Mr. Chan Tze See, Kevin, aged 57, is an Independent Non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee. He graduated with a Bachelor degree of Science in Computer Science and a MBA degree from the University of Illinois, USA, and has over 30 years of technical and management experience in the IT industry in Hong Kong, USA, and China. Mr. Chan is a director of Beijing Jolon Digital Media Broadcasting Co., Limited since 2005 till present. Before that, he was Greater-China regional director of Commerce One Inc, USA.

Mr. Shen Shaoji, aged 52, is an Independent Non-executive Director and a member of the Remuneration Committee and Nomination Committee. He is also a rotating chairman of International Federation of Warehousing and Logistics Associations (IFWLA) from 2012 to 2013. He graduated from Beijing Technology and Business University (formerly known as Beijing Business School) in 1983 and obtained a bachelor's degree in economics. He then worked in former Ministry of Commerce and former Ministry of Domestic Trade. In 1998, he obtained the qualification of Senior Economist. From 1998 to 2006, he was engaged in operating and managing logistics enterprises. In particular, he worked as general manager of Hua Yun Tong Logistics Co., Ltd (China Express Logistics Co., Ltd.), an affiliated company under former Ministry of Domestic Trade, and then as general manager (also the legal representative) of Hua Yun Logistics Industrial Corporation, thus accumulating extensive experience in operation and management of logistics enterprises. Since 2006, he has been the full-time president of China Association of Warehouses and Storage, and vice-president of China Society of Logistics. In 1992, he presided over the argumentation of the pilot plan for the construction of China's first batch of logistics distribution centers. Hua Yun Tong Logistics Co., Ltd, a company he founded, was one of the 34 modern logistics enterprises which were the key business contacts of the State Economic Trade Commission. From 1999 to 2001, he had been presiding over the preparation and the publication of "the Supply and Demand Analysis Reports of China Logistic Market" for three consecutive years. Also, he has been presiding over the preparation and the publication of "China Warehousing Industry Development Report" for nine consecutive years since 2006.

Mr. Deng Xiang, aged 42, is an Independent Non-executive Director and a member of the Audit Committee. He graduated from Sichuan University with a bachelor degree of science and also possesses a bachelor degree in Economics. He is also a certified public accountant in the PRC. Prior to joining the Company, Mr. Deng was the financial manager of Chengdu Branch of Dapeng Securities Co., Ltd.* (大鵬證券有限責任公司), the audit manager of Chengdu Shenlan Group Co., Ltd.* (成都深藍集團有限公司), head of internal audit department in the PRC of Asia Pulp & Paper Co., Ltd. (APP) and the senior manager of Guosen Securities Co., Ltd.* (國信證券有限責任公司). He joined Xizang Haisco Pharmaceutical Group Co., Ltd. (stock code in the Shenzhen Stock Exchange: 002653) since November 2009 and served as deputy general manager, financial controller and board secretary of the group. He is currently the vice president in charge of financial matters of the group and the board secretary of the company.

Ms. He Qian, aged 42, is an Independent Non-executive Director. She obtained a bachelor's degree in accounting from University of International Business and Economics in 2006 and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2011, and she is a certified accountant and certified tax agent. She began her career in accounting in 1994, and served as the head of Tianrui Tax Agency Firm* (天瑞稅務師事務所) and Zhejiang Yuehua Certified Public Accountants* (浙江岳華會計師事務所) founded by her from 2001 to 2004. She became a partner of RSM China Certified Public Accountants (中瑞岳華會計師事務所) from 2009 to July 2013, where she was responsible for the operation of the Zhejiang branch as its head. Highly experienced in accounting, she was a contracted project partner for The Potevio (普天集團), a state-owned key enterprise, Hangzhou Industrial Investment Group Co.,Ltd.* (杭州實業投資集團), a state-owned enterprise, and listed companies such as Eastcom (東方通信), Jiangsu Akcome (江蘇愛康), EastcomPeace (東信和平) and Zhonghen Electric (中恒電氣), as well as the initial public offering of dozens of other companies. She was a partner and the head of Zhejiang Branch of Ruihua Certified Public Accountants (瑞華會計師事務所) from August 2013 to April 2015. She has been working for Zhejiang Yueyou Investment Management Co., Ltd (浙江岳佑投資管理有限公司) since May 2015.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the Period.

The Board and the audit committee of the Company (the "Audit Committee") have reviewed the effectiveness of the Group's internal control systems and considered that the Group's internal control systems are reasonably implemented and the Group has fully complied with the CG Code regarding internal control systems in general.

Disclosure of Information on Director(s)

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information on Director(s) are as follows:

Mr. Wu Fred Fong's service contract as an independent non-executive Director has been renewed for a term of 3 years commencing from 26 June 2015.

Audit Committee

As at 30 June 2015, the Audit Committee comprises three members namely, Mr. Wu Fred Fong (Chairman), Mr. Chan Tze See, Kevin and Mr. Deng Xiang. All of them are the independent non-executive Directors. 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 2015, 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 with the exception of the following:

The Board of the Directors and the Audit Committee, after taken into account the Group's latest financial position, its future business prospects and financing required to maintain a sustainable business operations, concluded that the Group would require additional financial resources. However, the Board of the Directors could not arrive at a consensus on the additional financing required and the currently approved financial arrangement may not be adequate. In the view of the majority of the Audit Committee, if the Group does not have adequate funding in the next twelve months, the Group might not be able to sustain it's business and operations. In the circumstances, the going concern basis of accounting that has been applied to these interim financial statements might not be appropriate. Should this be the case, significant adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and the effect of such adjustments, if any, may not have been reflected in the condensed consolidated financial statements.

Remuneration Committee

As at 30 June 2015, the remuneration committee of the Company (the "Remuneration Committee") comprises three members namely Mr. Wu Fred Fong (Chairman), Mr. Chan Tze See, Kevin and Mr. Shen Shaoji. All of them are the independent non-executive Directors. The Remuneration Committee is to review and determine the remuneration policy and other remuneration related matters of the Directors and the senior management of the Group.

Nomination Committee

As at 30 June 2015, the nomination committee of the Company (the "Nomination Committee") comprises five members namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong, Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin and Mr. Shen Shaoji. Mr. Cheng Yuanzhong and Mr. Ho Wai Kong are executive Directors whereas the other three are the independent non-executive Directors. The Nomination Committee made recommendations to the Board on appointment of the Directors, having regard to the candidates' qualification and competence, so as to ensure that all nominations are fair and transparent.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of 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 2015.

Event After Reporting Period

In August 2015, in response to the request by the counter party (國採科技股份有限公司 (Guocai Science & Technology Company Limited*)) ("PRC Partner") of 國採（北京）技術有限公司 (Guocai (Beijing) Technology Company Limited*), an indirect non-wholly-owned subsidiary of the Company, to fulfil the Group's contractual obligations under the Promotion Agreement and the Service Agreement (as defined in the circular of the Company dated 24 August 2011) (as supplemented) to contribute funding to support the electronic public procurement platform and related services in the PRC, the Board unanimously approved to honour its contractual obligations in respect of its further commitment so as to maintain and expand the principal business of the Group. Accordingly, it was unanimously agreed by the Board that external funding must be sought, taking into account the Group's bank balances and the projected cash requirements till the end of June 2016.

At the Board meeting held on 31 August 2015 ("Board Meeting"), shortly before the approval of the 2015 Interim Results Announcement, two funding proposals were tabled for the Board's consideration and approval with the aim to enhancing the working capital of the Group in the next 12 months to a level adequate to support the Group's business plan: (i) a third party credit facility with a charge on the Group's investment property (expecting to raise approximately a gross amount of RMB80 million (approximately HK$97 million) ("Facility"); and (ii) a subscription of new shares by an investment fund (expecting to raise a gross amount of approximately HK$270 million) ("Subscription"). At the Board Meeting, the Board members, notwithstanding the approval of the Facility, did not have a consensus view on the amount of funding required to continue sustaining the future operations of the Group.

Views of the majority of the Audit Committee and a minority of the Board (seven Directors out of fifteen)

The majority of the Audit Committee (two out of three Audit Committee members) has not approved the publication of the 2015 Interim Results Announcement due to disagreement on the basis of accounting principles that have been applied to the interim financial statements basing on the assessment of the current financial position of the Group and the ongoing financial resources and operational/capital obligations required to sustain the Group's principal business operations as set out below.

A minority of the Board (seven Directors out of fifteen) is of the view that a funding commitment of approximately RMB150 million would be required by 31 December 2015 and the Group would need sufficient cash to fulfil its contractual obligations, allowing the Group to continue to participate in the electronic public procurement platform and related services business. As such, the seven Directors did not agree on the Facility at the Board Meeting and considered that fund raising through the Subscription would be preferred because the amount raised would have been approximately 2.8 times the maximum amount that could be raised under the Facility. The Subscription would clearly satisfy the working capital requirements of the Group for the next 12 months. In addition, the Subscription is expected to increase the capital base of the Group as a more prudent and longer term approach to support the continued business expansion of its principal business and requires no repayment of principal and interest as in the case of the Facility. The Subscription, if chosen, would have been in the best interests of Company and the Shareholders. More significantly, a minority of the Board (seven Directors out of fifteen) considers that in the event the Group might not be able to honour its contribution commitments to the electronic public procurement platform and services business, the Group may not be able to continue with its principal business. These points were emphatically made by the seven Directors at the Board Meeting without being considered by the rest of the Directors.

As only the Facility was approved at the Board Meeting, the Audit Committee considered the external auditors' concern over the Group's working capital adequacy in light of the future funding requirements, in particular the significant funding contribution required for the electronic public procurement business that any working capital inadequacy would necessitate a review of the appropriateness of using the going concern basis as the accounting principles for the interim financial statements.

Such view had been communicated to the Board but was not considered by the majority of the Board (eight Directors out of fifteen). Two of the three members of the Audit Committee considered that the Facility, netting only approximately HK$73 million (RMB60 million) after settlement of a third party advance of RMB20 million, would not satisfy the working capital needs of the Group in the next 12 months from 30 June 2015. Accordingly, based on the fact that the Subscription was rejected by the majority of the Board, the inadequacy of working capital in the next 12 months and the potential risk above mentioned, the majority of the Audit Committee was of the view and cautioned at the Board Meeting that the going concern basis of accounting that had been applied to the interim financial statements as shown in the 2015 Interim Results Announcement would not be appropriate. However, the majority of the Board (eight Directors out of fifteen) resolved, approved and authorised on behalf of the Board to release the 2015 Interim Results Announcement with no adjustments, disclosure or explanation made.

Views of a majority of the Board (eight Directors out of fifteen)

A majority of the Board (eight Directors out of fifteen) considers that the Group recorded a gross profit for the Period and the need for additional financial resources would mainly stem from administrative expenses, which are expected to decrease according to a budget plan prepared by the management and agreed by the Board, and could be supported by external borrowings (i.e. the Facility). In addition, a majority of the Board (eight Directors out of fifteen) considers that the Group has an improved cashflow when compared with the position of the Group as at 31 December 2014 and ability to repay its debts in view of the following financial indicators: (1) current assets of approximately HK$451 million (31 December 2014: HK$341 million); (2) current liabilities of approximately HK$230 million (31 December 2014: HK$239 million); (3) bank balances and cash of approximately HK$107 million (31 December 2014: HK$20 million); and (4) the gearing ratio of the Company is only 15.32%. A majority of the Board (eight Directors out of fifteen) considers that the financial statements of the Group should be prepared on the going concern basis and published as such despite the Audit Committee's concern since the current facts are not sufficient to rebut the going concern basis.

A majority of the Board (eight Directors out of fifteen) considers that taking into account (i) the Group's experience, technological level and leading position in the public procurement industry; (ii) that the Group has derived gross profits from the operation of its public procurement platforms; and (iii) the leading position in software development of a subsidiary of the Company located in Shenzhen and its ability to support the expansion of the principal business of the Group, the Facility, together with the Group's internal resources, would be adequate to fund its future business and operations.

In August 2015, in response to the request by the PRC Partner to fulfil the Group's contractual obligations under the Promotion Agreement and the Service Agreement (as defined in the circular of the Company dated 24 August 2011) (as supplemented) to contribute funding to support the electronic public procurement platform and related services in the PRC, the Board resolved that the Group would fulfil its obligation of investment as stipulated in such agreements and the contribution of the investment will be arranged based on the actual circumstances and needs. A majority of the Board (eight Directors out of fifteen) considers that there are still uncertainties in the amount of the payment obligation payable to the PRC Partner by the Group as stated in the response letter of the Company dated 18 August 2015 in relation to a letter from the PRC Partner (namely 關於投資建設公共資源交易平台的函). As such, and taking into account the Company's past experience and actual needs, provision of full amount of the funding will neither be in line with commercial practices nor be in the interests of the Shareholders. The Group's current financing plan is likely to be sufficient to meet its investment obligation next year. In the meantime, in view of the fact that the financing plan was proposed promptly and practicably, and the gearing ratio of the Company is only 15.32%, it is reasonably believed that the Group will be able to meet the need of contingent funds, if any.

A majority of the Board (eight Directors out of fifteen) disagrees with the aforementioned view of a funding commitment amounting to approximately RMB150 million by 31 December 2015 held by the Audit Committee and the other seven Directors. A majority of the Board is of the opinion that it is difficult, based on common sense, the past performance of the PRC Partner and the current work progress, as well as the terms of the relevant agreements, to conclude that it is more than 50% probable for the Company to incur the full amount of the commitment, and as such it is inappropriate to question the ability of the Company to operate as a going concern based on such conclusion. Even in the event that, as it is apprehended by the other seven Directors, such funding requirements in connection with the PRC Partner arose by 31 December 2015, it is reasonable to believe that the Company would be able and have sufficient time to fulfill the relevant funding requirements (if any), in view that the currently adopted funding proposal would take less than a week to implement.

A majority of the Board (eight Directors out of fifteen) considers that as the Company's share price has decreased by 59% as compared with that on 30 June 2015 while the Hang Seng Index has recently decreased by approximately 20%, and the Facility together with the internal resources of the Group will be sufficient to meet the future business operation, it is difficult to agree that the Subscription will meet the interests of the existing Shareholders since shareholders' interests would be diluted and their benefits compromised in case of an issue of shares, and thus such Directors do not agree on the Subscription option at present.

Details of the above information were published in the Company's announcement dated 3 September 2015.

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

Hong Kong, 31 August 2015

At the date of this report, the Board comprises five executive directors, namely Mr. Cheng Yuanzhong (Chairman), Mr. Ho Wai Kong (Honorary Chairman), Mr. Zheng Jinwei (Chief Executive), Mr. Wong Wei Kit and Mr. Mao Dai; five non-executive directors, namely Mr. Wang Ning, Mr. Chen Limin, Mr. Yue Yifeng, Ms. Liu Lizhen and Mr. Hu Wei; and five independent non-executive directors, namely Mr. Wu Fred Fong, Mr. Chan Tze See, Kevin, Mr. Shen Shaoji, Mr. Deng Xiang and Ms. He Qian.

* *The English translation is for identification purpose only*