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CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

FURTHER UPDATE ON COMPANY'S STATUS

Reference is made to (i) the announcement in respect of the Suspension dated 5 July 2010; (ii) the Tri-Party Agreement Announcement; (iii) the 2010 Final Results Announcement; (iv) the Resumption Condition Announcement; and (v) the Circular.

As stated in the Circular and the Tri-Party Agreement Announcement, pursuant to the disposal agreement dated 21 December 2010 (and the supplementals thereof) entered into between the Subsidiary and the transferee in relation to the transfer of the ownership of the EMC Projects, the transferee shall pay HK\$400 million to the Subsidiary by instalments provided that such amount shall be fully paid by 31 December 2011. The Board would like to announce that HK\$120 million has been received in aggregate from the transferee as at the date of this announcement. On 29 December 2011, the Subsidiary and the transferee in relation to the transfer of the ownership of the EMC Projects entered into a supplemental agreement to the disposal agreement dated 21 December 2010 and agreed that the remaining balance of the total consideration of HK\$280 million shall be settled as to HK\$240 million by 22 January 2012 and as to HK\$40 million by 30 June 2012.

INTRODUCTION

Reference is made to:

- (i) the announcement in respect of suspension of trading ("**Suspension**") in the shares ("**Shares**") of China Public Procurement Limited ("**Company**", together with its subsidiaries, "**Group**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") dated 5 July 2010;
- (ii) the announcement ("**Tri-Party Agreement Announcement**") of the Company dated 28 April 2011 in relation to, among others, the cooperation agreement ("**Tri-Party Cooperation Agreement**") dated 23 December 2010 entered into between 國采科技股份有限公司(Guocai Science & Technology Company Limited*) ("**PRC Partner**"), 國采(北京)技術有限公司(Guocai (Beijing) Technology Company Limited*) ("**EJV**") and Public Procurement Limited ("**Subsidiary**") regarding the transfer of ownership of the rights and obligations under certain energy performance contracting projects (合同能源管理項目) which the PRC Partner had entered into with government entities in certain provinces in the People's Republic of China ("**EMC Projects**");

- (iii) the announcement (“**2010 Final Results Announcement**”) of the Company dated 28 April 2011 in relation to the final results of the Company for the year ended 31 December 2010;
- (iv) the announcement (“**Resumption Condition Announcement**”) of the Company dated 29 April 2011 in relation to, among others, the resumption conditions for the Company; and
- (v) the circular (“**Circular**”) of the Company dated 24 August 2011 in relation to, among others, the Tri-Party Cooperation Agreement.

SUSPENSION OF TRADING

At the Company’s request, trading in the Shares was suspended from 10:19 a.m. on 5 July 2010.

FURTHER UPDATE OF THE COMPANY’S STATUS

An extract to the independent auditor’s report was set out in the 2010 Final Results Announcement as follow:

“Basis for disclaimer of opinion

Included in the consolidated statement of financial position as at 31 December 2010 was trade and other receivables with carrying amount of HK\$428,413,000, in which HK\$400,000,000 being fee receivable for transfer of Energy Management Contracting (“EMC”) framework agreements. However, up to the date of this report, only HK\$10,000,000 of the fee receivable at 31 December 2010 was settled. We were unable to obtain sufficient reliable evidence to ascertain whether the remaining outstanding balance of HK\$390,000,000 could be recovered in full. Accordingly, we were unable to satisfy ourselves as to whether the carrying amount of trade and other receivables was fairly stated in the consolidated statement of financial position and free from material misstatement as at 31 December 2010. Any adjustment to the above found to be necessary would affect the Group’s capital deficiency as at 31 December 2010 and have a consequential effect on its profit for the year then ended and the related disclosure thereof in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.”

As mentioned in the Resumption Condition Announcement, the board (“**Board**”) of directors of the Company received a letter from the Stock Exchange on 26 April 2011, in which the Stock Exchange stated the resumption conditions for the Company. One of the resumption conditions for the Company was to publish the outstanding financial results and address any concerns raised by the auditors through qualification in their audit report. The 2010 Final Results Announcement was published by the Company on 28 April 2011.

As stated in the Tri-Party Agreement Announcement and the Circular, pursuant to the disposal agreement dated 21 December 2010 (and the supplementals thereof) entered into between the Subsidiary and the transferee in relation to the transfer of the ownership of the EMC Projects, the transferee shall pay HK\$400 million to the Subsidiary by instalments provided that such amount shall be fully paid by 31 December 2011. The Board would like to announce that HK\$120 million has been received in aggregate from the transferee as at the date of this announcement. On 29 December 2011, the Subsidiary and the transferee in relation to the transfer of the ownership of the EMC Projects entered into a supplemental agreement to the disposal agreement dated 21 December 2010 and agreed that the remaining balance of the total consideration of HK\$280 million shall be settled as to HK\$240 million by 22 January 2012 and as to HK\$40 million by 30 June 2012.

As stated in the Tri-Party Agreement Announcement and the Circular, the Subsidiary, pursuant to the Tri-Party Cooperation Agreement, agreed that it would pay a service fee to the PRC Partner, being 10% of the disposal consideration received from the transferee from time to time when it transferred ownership of the EMC Projects to another party. As the ownership of the EMC Projects was transferred to a third party pursuant to the disposal agreement dated 21 December 2010 (and the supplementals thereof), the Subsidiary would pay HK\$40 million (being 10% of the total disposal consideration of HK\$400 million) to the PRC Partner as service fee. Such service fee was then expected to be paid to the PRC Partner on or before 31 December 2011 by the Subsidiary. On 29 December 2011, the PRC Partner, the Subsidiary and the EJV entered into a supplemental agreement to the Tri-Party Cooperation Agreement and agreed that such service fee of HK\$40 million shall be paid by the Subsidiary to the PRC Partner in full upon receipt of partial disposal consideration of not less than HK\$100 million. In the event that the Subsidiary does not receive the disposal consideration of HK\$400 million in full, the PRC Partner will refund to the Subsidiary the excess amount of the service fee which has been paid by the Subsidiary.

By order of the Board
CHINA PUBLIC PROCUREMENT LIMITED
Ho Wai Kong
Chairman

Hong Kong, 29 December 2011

At the date this announcement, the Company comprises four executive directors, Mr. Ho Wai Kong (Chairman), Mr. Cheng Yuanzhong (Vice Chairman), Mr. Lu Xing and Mr. Wu Xiaodong; two non-executive directors, Ms. Cheng Zhuo and Mr. Wang Ning; and three independent non-executive directors, Mr. Chan Tze See, Kevin, Mr. Chen Bojie and Mr. Wu Fred Fong.

* *for identification purposes only*