China Post E-Commerce (Holdings) Limited
中郵電貿(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8041)

Website: http://www.cpech.com

ANNUAL RESULTS 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchange and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The directors (the "Directors") of China Post E-Commerce (Holdings) Limited (the "Company") collectively and individually accept full responsibility for this announcement which is given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this announcement have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

* *For identification purpose only*

HIGHLIGHTS

- The Group has recorded a total turnover of approximately HK$86,117,000 for the year ended 31 December 2009 representing approximately 9.5% growth over the corresponding period of 2008.

- The Group's gross profit amounted to approximately HK$20,172,000 for the year ended 31 December 2009.

- The Group has recorded a loss attributable to shareholders for the year ended 31 December 2009 of approximately HK$1,296,000, representing a basic loss per share of 0.022 cents.

- The Directors do not recommend the payment of a dividend for the year ended 31 December 2009.

- The Group has a sound financial position with cash and bank balances of approximately HK$36,973,000 and no bank borrowings as at 31 December 2009.

AUDITED ANNUAL RESULTS

The Board of Directors (the "Board") of the Company announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009, together with the comparative audited figures for the year ended 31 December 2008, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	3	**86,117**	78,644
Cost of sales		**(65,945)**	(59,624)
Gross profit		**20,172**	19,020
Other revenue	3	**2,235**	105,644
Administrative expenses		**(10,121)**	(132,353)
Other operating expenses		**(12,038)**	(13,453)
Profit (loss) from operations	5	**248**	(21,142)
Finance costs	6	**(502)**	(853)
Loss before tax		**(254)**	(21,995)
Income tax expense	7	**(2,107)**	(2,251)
Loss for the year		**(2,361)**	(24,246)
Other comprehensive income			
Exchange differences arising on translation of financial statements outside Hong Kong		**(177)**	1,104
Deficit on revaluation of property, plant and equipment		**(6,295)**	(4,657)
Other comprehensive loss for the year, net of tax		**(6,472)**	(3,553)
Total comprehensive loss for the year		**(8,833)**	(27,799)
Loss attributable to:			
Owners of the Company		**(1,296)**	(24,038)
Non-controlling interests		**(1,065)**	(208)
		(2,361)	(24,246)
Total comprehensive loss attributable to:			
Owners of the Company		**(7,768)**	(27,591)
Non-controlling interests		**(1,065)**	(208)
		(8,833)	(27,799)
		HK cents	*HK cents*
Loss per share for loss attributable to the owners of the Company			
Basic	8	**(0.022)**	(0.399)
Diluted		**(0.022)**	(0.406)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**78,799**	85,282
Goodwill		**128,973**	–
Available-for-sale financial assets		**57,600**	2,937
		265,372	88,219
CURRENT ASSETS			
Inventories		**19,235**	22,850
Trade and other receivables	*9*	**31,494**	28,801
Due from a related company		**813**	562
Cash and bank balances		**36,973**	26,298
TOTAL CURRENT ASSETS		**88,515**	78,511
CURRENT LIABILITIES			
Borrowing – current portion		**(12,400)**	–
Trade and other payables	*10*	**(21,659)**	(18,492)
Due to an ex-director		**(3,936)**	(3,936)
Due to a related company		**–**	(4,457)
Tax payable		**(12,007)**	(9,978)
TOTAL CURRENT LIABILITIES		**(50,002)**	(36,863)
NET CURRENT ASSETS		**38,513**	41,648
TOTAL ASSETS LESS CURRENT LIABILITIES		**303,885**	129,867
NON-CURRENT LIABILITIES			
Borrowing		**–**	(12,400)
Deferred tax liabilities		**(2,317)**	(3,561)
TOTAL NON-CURRENT LIABILITIES		**(2,317)**	(15,961)
NET ASSETS		**301,568**	113,906
CAPITAL AND RESERVES			
Share capital		**92,903**	67,062
Reserves		**212,532**	46,802
Equity attributable to owners of the Company		**305,435**	113,864
Non-controlling interests		**(3,867)**	42
TOTAL EQUITY		**301,568**	113,906

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Revaluation reserve *HK$'000*	Share option reserve *HK$000*	Convertible bonds reserve *HK$'000*	Capital redemption reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2008	7,231	61,597	763	28,296	–	5,490	–	(28,710)	74,667	–	74,667
Exchange differences arising on translation of financial statements outside Hong Kong	–	–	1,104	–	–	–	–	–	1,104	–	1,104
Deficit on revaluation of property, plant and equipment	–	–	–	(6,054)	–	–	–	–	(6,054)	–	(6,054)
Deferred tax liability on revaluation of property, plant and equipment	–	–	–	1,397	–	–	–	–	1,397	–	1,397
Loss for the year	–	–	–	–	–	–	–	(24,038)	(24,038)	(208)	(24,246)
Total comprehensive loss for the year	–	–	1,104	(4,657)	–	–	–	(24,038)	(27,591)	(208)	(27,799)
Bonus issue	362	(362)	–	–	–	–	–	–	–	–	–
Placing issue	14,580	–	–	–	–	–	–	–	14,580	–	14,580
Right issue	7,231	–	–	–	–	–	–	–	7,231	–	7,231
Subscription issue	35,420	–	–	–	–	–	–	–	35,420	–	35,420
Remuneration issue	2,238	–	–	–	–	–	–	–	2,238	–	2,238
Redemption on convertible bonds	–	–	–	–	–	(5,490)	–	–	(5,490)	–	(5,490)
Recognition of equity-settled share based payments	–	–	–	–	12,809	–	–	–	12,809	–	12,809
Capital contribution from non-controlling shareholder	–	–	–	–	–	–	–	–	–	250	250
At 31 December 2008 and at 1 January 2009	**67,062**	**61,235**	**1,867**	**23,639**	**12,809**	**–**	**–**	**(52,748)**	**113,864**	**42**	**113,906**
Exchange differences arising on translation of financial statements outside Hong Kong	–	–	(177)	–	–	–	–	–	(177)	–	(177)
Deficit on revaluation of property, plant and equipment	–	–	–	(7,539)	–	–	–	–	(7,539)	–	(7,539)
Deferred tax liability on revaluation of property, plant and equipment	–	–	–	1,244	–	–	–	–	1,244	–	1,244
Loss for the year	–	–	–	–	–	–	–	(1,296)	(1,296)	(1,065)	(2,361)
Total comprehensive loss for the year	–	–	(177)	(6,295)	–	–	–	(1,296)	(7,768)	(1,065)	(8,833)
Issue of consideration share	20,691	139,349	–	–	–	–	–	–	160,040	–	160,040
Placing issue	5,300	34,980	–	–	–	–	–	–	40,280	–	40,280
Repurchase of shares	(150)	(977)	–	–	–	–	150	–	(977)	–	(977)
Share repurchase expense	–	(4)	–	–	–	–	–	–	(4)	–	(4)
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	(2,844)	(2,844)
At 31 December 2009	**92,903**	**234,583**	**1,690**	**17,344**	**12,809**	**–**	**150**	**(54,044)**	**305,435**	**(3,867)**	**301,568**

In the opinion of the directors, the revaluation reserve, convertible bonds reserve, share option reserve and capital redemption reserve are not available for distribution to the Company's shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Group is mainly Renminbi ("RMB"). As the Company's shares are listed on the Stock Exchange, the directors consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group and the Company have applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers
HKFRS (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRS (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the financial statements of the Group and the Company for the current and prior accounting periods.

(a) HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

(b) ***Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)***

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in relation to fair value measurements in accordance with the transitional provision set out in the amendments.

The Group and the Company have not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[(1)]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[(2)]
HKAS 24 (Revised)	Related Party Disclosures[(5)]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[(1)]
HKAS 32 (Amendments)	Classification of Rights Issues[(4)]
HKAS 39 (Amendments)	Eligible Hedged Items[(1)]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[(3)]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[(3)]
HKFRS 3 (Revised)	Business Combinations[(1)]
HKFRS 9	Financial Instruments[(7)]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of Minimum Funding Requirement[(6)]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[(1)]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity[(6)]

[(1)] *Effective for annual periods beginning on or after 1 July 2009.*

[(2)] *Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.*

[(3)] *Effective for annual periods beginning on or after 1 January 2010.*

[(4)] *Effective for annual periods beginning on or after 1 February 2010.*

[(5)] *Effective for annual periods beginning on or after 1 January 2011.*

[(6)] *Effective for annual periods beginning on or after 1 July 2010.*

[(7)] *Effective for annual periods beginning on or after 1 January 2013.*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on financial statements.

3. REVENUE

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

	2009	2008
	HK$'000	*HK$'000*
Sales of goods	**85,355**	78,644
Rendering of services	**762**	–
	86,117	78,644

(b) An analysis of the Group's other revenue for the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Bank interest income	**11**	331
Other loan interest income	**832**	–
Interest on convertible bonds written back	**–**	230
Interest on promissory notes written back	**248**	144
Investment income from available-for-sale financial assets	**1,035**	295
Rental income	**–**	15
Gain on redemption of convertible bonds	**–**	4,383
Gain on disposal of a subsidiary	**–**	99,258
Government grants (note)	**–**	784
Sundry income	**109**	204
	2,235	105,644

Note:

No government grants (2008: approximately HK$784,000) have been received in the current year towards allowances for technology research.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

(i) Business segments

The following continuing operations are the basis on which the Group reports its primary segment information to the Group's chief operating decision maker. There are no sales or other transactions between the business segments.

Income statement

2009

	Manufacturing and trading of ceramic blanks and ferrules *HK$'000*	Advertising business and media development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	**83,830**	**759**	**1,528**	**86,117**
Segment results	**8,429**	**(1,176)**	**(961)**	**6,292**
Unallocated corporate income				**2,204**
Unallocated corporate expenses				**(8,248)**
Finance costs				**(502)**
Income tax expense				**(2,107)**
Loss for the year				**(2,361)**

2008

	Manufacturing and trading of ceramic blanks and ferrules *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	78,486	158	78,644
Segment results	8,332	(416)	7,916
Unallocated corporate income			104,844
Unallocated corporate expenses			(133,902)
Finance costs			(853)
Income tax expense			(2,251)
Loss for the year			(24,246)

Other information

2009

	Manufacturing and trading of ceramic blanks and ferrules ***HK$'000***	**Advertising business and media development** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
Depreciation	**–**	**100**	**118**	**218**

2008

	Manufacturing and trading of ceramic blanks and ferrules *HK$'000*	Others *HK$'000*	Total *HK$'000*
Capital expenses	–	314	314
Depreciation	–	18	18
Other non–cash expenses	–	12,809	12,809
Impairment loss on other receivables	–	113,101	113,101

Balance Sheet

2009

	Manufacturing and trading of ceramic blanks and ferrules	**Advertising business and media development**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Segment assets	**46,497**	**1,885**	**1,017**	**49,399**
Unallocated assets				**304,488**
Total assets				**353,887**
Liabilities				
Segment liabilities	**17,974**	**9,092**	**387**	**27,453**
Unallocated liabilities				**24,866**
Total liabilities				**52,319**

2008

	Manufacturing and trading of ceramic blanks and ferrules	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	51,032	574	51,606
Unallocated assets			115,124
Total assets			166,730
Liabilities			
Segment liabilities	28,654	–	28,654
Unallocated liabilities			24,170
Total liabilities			52,824

(ii) Geographical segments

No geographical segment information of the Group is shown as the Group's operations, turnover by geographical market and assets are wholly located in Hong Kong and the People's Republic of China ("PRC").

5. PROFIT (LOSS) FROM OPERATIONS

Profit (loss) from operations of the Group has been arrived at after charging the followings:

	2009	2008
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries and allowances	**5,855**	6,524
Direct labour (included in cost of sales)	**9,315**	9,631
Mandatory provident fund contributions	**75**	584
	15,245	16,739
Depreciation for property, plant and equipment	**222**	18
Auditors' remuneration	**500**	500
Cost of inventories recognized as expenses	**65,945**	59,624
Loss on disposal of property, plant and equipment	**–**	753
Impairment loss on other receivables	**–**	113,101
Operating lease rentals in respect of land and buildings	**1,220**	507
Share options expenses	**–**	12,809
Net foreign exchange losses	**1**	491
and after crediting the following:		
Gain on disposal of a subsidiary	**–**	99,258

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on convertible bonds	**–**	686
Interest on promissory notes	**248**	144
Other interest	**254**	23
	502	853

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in or derived from Hong Kong during the year (2008: Nil). Taxes on profits assessable elsewhere have calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	*HK$'000*
Current year:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	2,107	2,112
	2,107	2,112
Underprovision in prior years:		
Hong Kong Profits Tax	–	139
PRC Enterprise Income Tax	–	–
	–	139
	2,107	2,251

The taxation on the Group's loss for the year differs from the theoretical amount that would arise using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rates are as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	(254)	(21,995)
Taxation at notional rate	(42)	(3,629)
Tax effect of income not taxable	(6)	(16,466)
Tax effect of expenses not deductible for taxation purposes	121	47
Tax effect of estimated tax losses not recognized for the year	1,283	21,442
Tax effect of income tax underprovided in prior years	–	139
Tax effect of temporary difference not recognised	34	–
Effect of different tax rates operating in other jurisdictions	717	718
	2,107	2,251

The notional tax rate is the Hong Kong profit tax rate of 16.5% (2008: 16.5%).

8. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to shareholders of loss of approximately HK$1,296,000 (2008: HK$24,038,000) and the weighted average number of 5,937,935,954 (2008: 6,019,084,345) ordinary shares in issue during the year.

The diluted loss per share for the year ended 31 December 2009 is calculated based on the loss attributable to shareholders of approximately HK$1,296,000 and the weighted average number of 5,937,935,954 for the purpose of diluted loss per share.

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**27,144**	25,585	**–**	–
Other receivables, deposits and prepayment	**4,350**	3,216	**56,409**	56,199
	31,494	28,801	**56,409**	56,199

The fair value of the Group's trade and other receivables at 31 December 2009 was approximate to the corresponding carrying amount.

The aging analysis of trade receivables is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 30 days	**12,057**	6,870	**–**	–
31 to 90 days	**4,931**	6,450	**–**	–
91 to 180 days	**3,208**	7,505	**–**	–
Over 180 days	**6,948**	4,760	**–**	–
	27,144	25,585	**–**	–

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$6,948,000 (2008: HK$4,760,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of the Group's trade receivables which are past due but not impaired:

	2009	2008
	HK$'000	*HK$'000*
Over 180 days	**6,948**	4,760
Total	**6,948**	4,760

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. TRADE AND OTHER PAYABLES

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**5,024**	8,313	**–**	–
Temporary deposits, accruals and other payables	**16,635**	10,179	**5,080**	4,840
	21,659	18,492	**5,080**	4,840

The aging analysis of trade payables is as follows:

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 30 days	**1,170**	4,768	**–**	–
31 to 90 days	**1,887**	2,853	**–**	–
91 to 180 days	**1,009**	48	**–**	–
Over 180 days	**958**	644	**–**	–
	5,024	8,313	**–**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2009, the Group recorded a total turnover of approximately HK$86,117,000 representing an increase of approximately 9.5% from approximately HK$78,644,000 for the year ended 31 December 2008. A gross profit of approximately HK$20,172,000 was recorded by the Group for the year ended 31 December 2009. The loss attributable to shareholders was approximately HK$1,296,000.

Operations

During the year under review, the Group has taken effective measures to control its operating costs. This is the objective of the Group to adopt stringent cost control and maintain a thin but effective overhead structure. The Group is optimistic in enjoying a fruitful harvest and satisfying an anticipated growth of production capacity in the foreseeable future.

Liquidity and Financial Resources

As at 31 December 2009, the Group had total assets of approximately HK$353,887,000. At the balance sheet date, the Group had a sound financial position with cash and bank balances of approximately HK$36,973,000 and had promissory notes of approximately HK$12,400,000. The Group has a current ratio of approximately 1.77 comparing to that of 2.13 as at 31 December 2008. As at 31 December 2009, the Group had the gearing ratio of 14% was calculated at by dividing total debt by the total assets (31 December 2008: 32%).

Foreign Exchange Exposure

The business activities of the Group are not exposed to material fluctuations in exchange rates except the operation through its subsidiary in Shenzhen, PRC which is subject to fluctuation in exchange rates between Renminbi and Hong Kong dollars.

Share consolidation

At an extraordinary general meeting of shareholders of the Company was held on 29 May 2009, an ordinary resolution to implement the share consolidation on the basis that every 5 issued and unissued share of HK$0.01 each and consolidated into one Consolidated Share of HK$0.05 each.

Capital structure

As at 1 January 2009, the Company's outstanding issued shares were 6,706,174,620 ordinary shares of HK$0.01 each. During the year under review, 1,790,000,000 ordinary shares of HK$0.01 each and 281,820,895 ordinary shares of HK$0.05 each were issued, 3,000,000 ordinary shares of HK$0.05 each were repurchased. As at 31 December 2009, the Company's outstanding issued shares were 1,858,055,819.

Significant Investments

During the year under review, the Company currently owns 20% of Info-Source Media Limited.

Save as disclosed above, the Group did not have any significant investment as at 31 December 2009.

Material acquisitions and disposals of subsidiaries

During the year under review, the Company currently owns 53% of IKanTV Limited.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries as at 31 December 2009.

Employees and Remuneration Policy

As at 31 December 2009, the Group had 290 full time employees compared with that of 501 in 2008. The staff costs, including directors' remuneration, were approximately HK$15,245,000 (2008: HK$16,739,000). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong and the PRC respectively, including medical scheme, provident fund or retirement fund. In addition, the Group adopts a share option scheme for eligible employees (including directors) and consultants to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Contingent Liabilities

As at 31 December 2009, the Group did not have any material contingent liabilities or charges laid against its assets.

PROSPECTS

The Company will continue to focus and deepen its main business in manufacturing and trading of ceramic ferrule, fiber optic connector, fiber optic adapter and patch code respectively. With Fibra to the home "FTTH" become popular, broadband users demand faster speed, increasing demand for broadband services, and the healthy growth of global market, we are optimistic for the future of this industry.

In the meantime, with the lead of our management team, the Company is actively searching for business opportunities in asset and fund management and e-commerce. Whenever, there are attractive investment opportunities existed, the Company will expand its arm through strategic acquisition and cooperation. We strongly believe both our manufacturing, asset and fund management business and e-commerce will bring fruitful returns and create additional values to our shareholders in the coming years.

FUND RAISING

On 21 July 2009, the Company entered into the Placing agreement with JL Investments Capital Limited (the "Vendor") and Placing Agent to sell 106,000,000 existing shares at the Placing price of HK$0.38 per share to the Vendor. Pursuant to the Placing agreement, the Vendor and the Company also entered into the Subscription Agreement to which the Vendor has agreed to subscribe for the Subscription shares at the subscription price, which is the same as the Placing price. The Placing and the Subscription were completed on 24 July 2009 and 3 August 2009 respectively, pursuant to which the Company has allotted and issued 106,000,000 Subscription Shares to the Vendor at HK$0.38 per Subscription Share.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

3,000,000 ordinary shares of HK$0.05 each were repurchased during the year under review.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

DIVIDEND

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the balance sheet date (2008: nil).

COMPETING INTERESTS

The Directors are not aware of, as at 31 December 2009, any business or interest of each Director, substantial shareholder and management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules.

The primary duties of the audit committee are (i) to review the annual reports and accounts, half-year reports and quarterly reports and give advice and comments thereon to the Directors; and (ii) to review and supervise the financial reporting process and internal controls. The audit committee comprises the three independent non-executive Directors of the Company.

The audit committee has reviewed the Group's audited results for the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance for the Company. During the year, the Company is in compliance with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except provision A.4.1 of the CG Code as detailed below:

Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors are not appointed for specific terms, but are subject to retirement and re-election.

The current practices of the corporate governance of the Company will be reviewed and updated in a timely manner in order to comply with the requirements of the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year 31 December 2009.

By Order of the Board
China Post E-Commerce (Holdings) Limited
Lau Chi Yuen, Joseph
Chairman

Hong Kong, 19 March 2010

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from the date of its publication.

As at the date of this announcement, the Company has altogether five directors comprising two executive directors namely, Mr. Lau Chi Yuen, Joseph (Chairman), Mr. Chung Man Wai, and three independent non-executive directors namely, Dr. Lee Chung Mong, John, Mr. Tam Wing Kin and Mr. Fung Chan Man, Alex.