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 2010

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.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

HIGHLIGHTS

- The Group has recorded a total turnover of approximately HK$97,907,000 for the year ended 31 December 2010 representing approximately 14% growth over the corresponding period of 2009.

- The Group's gross profit amounted to approximately HK$22,505,000 for the year ended 31 December 2010.

- The Group has recorded a loss attributable to owners of the Company for the year ended 31 December 2010 of approximately HK$55,196,000, representing a basic loss per share of HK2.915 cents.

- The Directors do not recommend the payment of a dividend for the year ended 31 December 2010.

- The Group has a sound financial position with bank and cash balances of approximately HK$40,603,000 and no bank borrowings as at 31 December 2010.

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 2010, together with the comparative audited figures for the year ended 31 December 2009, are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Turnover	5	**97,907**	86,117
Cost of sales and service rendered		**(75,402)**	(64,559)
Gross profit		**22,505**	21,558
Other income	6	**392**	2,235
Impairment of available-for-sale financial assets		**(43,325)**	–
Administrative expenses		**(22,459)**	(10,121)
Other operating expenses		**(10,795)**	(12,038)
(Loss)/profit from operations		**(53,682)**	1,634
Finance costs	7	**(442)**	(502)
Gain on disposal of subsidiaries		**903**	–
(Loss)/profit before tax		**(53,221)**	1,132
Income tax expense	8	**(4,049)**	(5,018)
Loss for the year	9	**(57,270)**	(3,886)
Attributable to:			
Owners of the Company		**(55,196)**	(2,821)
Non-controlling interests		**(2,074)**	(1,065)
		(57,270)	(3,886)
Loss per share	10		
– basic		**HK(2.915) cents**	HK(0.175) cent
– diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(57,270)**	(3,886)
Other comprehensive income:		
Exchange differences on translating foreign operations	**1,335**	(177)
(Deficit)/surplus on revaluation of property, plant and equipment	**(24,076)**	1,356
Other comprehensive income for the year, net of tax	**(22,741)**	1,179
Total comprehensive income for the year	**(80,011)**	(2,707)
Attributable to:		
Owners of the Company	**(77,937)**	(1,642)
Non-controlling interests	**(2,074)**	(1,065)
	(80,011)	(2,707)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

		At		
		31 December	31 December	1 January
		2010	2009	2009
	Notes	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		**38,949**	78,799	85,282
Goodwill		**75,343**	75,343	–
Available-for-sale financial assets		**–**	43,325	2,937
		114,292	197,467	88,219
Current assets				
Inventories		**18,031**	19,235	22,850
Trade and other receivables	*11*	**87,668**	61,082	28,801
Due from related companies		**–**	–	14,147
Pledged bank deposits		**2,000**	–	–
Bank and cash balances		**40,603**	36,973	26,298
		148,302	117,290	92,096
Current liabilities				
Trade and other payables	*12*	**20,113**	25,595	18,492
Promissory notes		**12,400**	12,400	–
Due to a director		**–**	–	3,936
Current tax liabilities		**24,879**	19,917	15,205
		57,392	57,912	37,633
Net current assets		**90,910**	59,378	54,463
Total assets less current liabilities		**205,202**	256,845	142,682

	At		
	31 December 2010	31 December 2009	1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Non-current liabilities			
Promissory notes	**–**	–	12,400
Deferred tax liabilities	**6,869**	15,147	14,467
	6,869	15,147	26,867
NET ASSETS	**198,333**	241,698	115,815
Capital and reserves			
Share capital	**101,903**	92,903	67,062
Reserves	**101,725**	152,662	48,711
Equity attributable to owners of the Company	**203,628**	245,565	115,773
Non-controlling interests	**(5,295)**	(3,867)	42
TOTAL EQUITY	**198,333**	241,698	115,815

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Plant and machinery revaluation reserve *HK$'000*	Share option 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 2009, as previously reported	67,062	61,235	1,867	23,639	12,809	–	(52,748)	113,864	42	113,906
Retrospective restatement *(note 2)*	–	–	–	18,250	–	–	(16,341)	1,909	–	1,909
At 1 January 2009, as restated	67,062	61,235	1,867	41,889	12,809	–	(69,089)	115,773	42	115,815
Total comprehensive income for the year, as restated	–	–	(177)	1,356	–	–	(2,821)	(1,642)	(1,065)	(2,707)
Issue of consideration shares	20,691	71,444	–	–	–	–	–	92,135	–	92,135
Issue of shares on placement	5,300	34,980	–	–	–	–	–	40,280	–	40,280
Repurchase of shares	(150)	(981)	–	–	–	150	–	(981)	–	(981)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	(2,844)	(2,844)
Changes in equity for the year	25,841	105,443	(177)	1,356	–	150	(2,821)	129,792	(3,909)	125,883
At 31 December 2009, as restated	92,903	166,678	1,690	43,245	12,809	150	(71,910)	245,565	(3,867)	241,698
At 1 January 2010, as previously reported	**92,903**	**234,583**	**1,690**	**17,344**	**12,809**	**150**	**(54,044)**	**305,435**	**(3,867)**	**301,568**
Retrospective restatement *(note 2)*	**–**	**(67,905)**	**–**	**25,901**	**–**	**–**	**(17,866)**	**(59,870)**	**–**	**(59,870)**
At 1 January 2010, as restated	**92,903**	**166,678**	**1,690**	**43,245**	**12,809**	**150**	**(71,910)**	**245,565**	**(3,867)**	**241,698**
Total comprehensive income for the year	**–**	**–**	**1,335**	**(24,076)**	**–**	**–**	**(55,196)**	**(77,937)**	**(2,074)**	**(80,011)**
Issue of shares on placement	**9,000**	**27,000**	**–**	**–**	**–**	**–**	**–**	**36,000**	**–**	**36,000**
Share options lapsed during the year	**–**	**–**	**–**	**–**	**(8,539)**	**–**	**8,539**	**–**	**–**	**–**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**646**	**646**
Changes in equity for the year	**9,000**	**27,000**	**1,335**	**(24,076)**	**(8,539)**	**–**	**(46,657)**	**(41,937)**	**(1,428)**	**(43,365)**
At 31 December 2010	**101,903**	**193,678**	**3,025**	**19,169**	**4,270**	**150**	**(118,567)**	**203,628**	**(5,295)**	**198,333**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of plant and machinery.

2. RETROSPECTIVE RESTATEMENT

The Group's financial statements for the year ended 31 December 2009 have been restated by the Company:

(a) The plant and machinery was stated at valuation by the directors as at 31 December 2006, 2007, 2008 and 2009. Consequently, no depreciation on plant and machinery was charged for each of the four years ended 31 December 2009. Hence, there was an understatement of depreciation charge for each of the four years ended 31 December 2009. In view of the aforesaid, the cost of sales, income tax expense, deferred tax liabilities, plant and machinery revaluation reserve and accumulated losses in the consolidated financial statements for the year ended 31 December 2009 were restated accordingly.

(b) Cost of sales was overstated for each of the three years ended 31 December 2009 representing the overcharge of manufacturing costs by the then related company due to clerical error. The error was discovered in current year and it was agreed between the Group and the then related company that the error be rectified retrospectively. Hence, the cost of sales, income tax expense, amount due from the then related company and accumulated losses in the consolidated financial statements for the year ended 31 December 2009 were restated accordingly.

(c) During the year ended 31 December 2009, the Group acquired 53% of the issued share capital of iKanTV Limited ("iKanTV") which was satisfied by cash of approximately HK$9,200,000 and issuance of 830,000,000 shares and 140,000,000 shares of the Company on 29 April 2009 and 30 September 2009 respectively. The shares issued by the Company for the acquisition of iKan TV were recorded at the issue prices of HK$0.048 per share and HK$0.55 per share, respectively, as stipulated in the sale and purchase agreements. The cost of acquisition of iKanTV was also based on the issue prices of the shares issued by the Company. Pursuant to Hong Kong Financial Reporting Standard 3 "Business Combination", the cost of acquisition should be based on the fair value of shares issued which then should be determined based on the published share prices of the Company at the dates of exchange. The above accounting treatment resulted in an overstatement of goodwill of approximately HK$53,630,000 at 31 December 2009. As a consequence, the goodwill at 31 December 2009 was restated accordingly.

(d) During the year ended 31 December 2009, the Group acquired 20% equity interests in Info-Source Media Limited ("Info-Source") which was satisfied by cash of approximately HK$14,400,000 and issuance of 360,000,000 shares and 35,820,895 shares of the Company on 3 February 2009 and 3 September 2009 respectively. The shares issued for the acquisition of Info-Source were recorded at the issue prices of HK$0.08 per share and HK$0.402 per share, respectively, as stipulated in the sale and purchase agreement. The cost of acquisition of Info-Source was also based on the issue prices of the shares issued by the Company. Pursuant to Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement", the cost of acquisition should be based on the fair value of shares issued which then should be determined based on the published share prices of the Company at the dates of exchange. The above accounting treatment resulted in an overstatement of available-for-sale financial assets of approximately HK$14,275,000 at 31 December 2009. Thus, the available-for-sale financial assets at 31 December 2009 was restated accordingly.

(e) Due to the complications resulted from the changes in the share structure, the weighted average number of ordinary shares in issue during the year ended 31 December 2009 was wrongly stated in the notes to the financial statements for the year ended 31 December 2009 as 5,937,935,954. Accordingly, the weighted average number of ordinary shares in issue during the year ended 31 December 2009 was restated as 1,609,274,670 for calculation of loss per share for the year ended 31 December 2009.

The effects of retrospective restatement are summarised below:

Consolidated income statement for the year ended 31 December 2009

		Effect of restatement: increase/(decrease)			
	2009	**Adjustment**[(a)]	**Adjustment**[(b)]	**Adjustment**[(e)]	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)				(as restated)
Turnover	86,117	–	–	–	86,117
Cost of sales and service rendered	(65,945)	(9,347)	10,733	–	(64,559)
Gross profit	20,172	(9,347)	10,733	–	21,558
Other income	2,235	–	–	–	2,235
Administrative expenses	(10,121)	–	–	–	(10,121)
Other operating expenses	(12,038)	–	–	–	(12,038)
Profit from operations	248	(9,347)	10,733	–	1,634
Finance costs	(502)	–	–	–	(502)
(Loss)/profit before tax	(254)	(9,347)	10,733	–	1,132
Income tax expense	(2,107)	(228)	(2,683)	–	(5,018)
Loss for the year	(2,361)	(9,575)	8,050	–	(3,886)

	2009	Adjustment[a]	Adjustment[b]	Adjustment[e]	2009
		Effect of restatement: increase/(decrease)			
	2009	**Adjustment**[a]	**Adjustment**[b]	**Adjustment**[e]	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)				(as restated)
Attributable to:					
Owners of the Company	(1,296)	(9,575)	8,050	–	(2,821)
Non-controlling interests	(1,065)	–	–	–	(1,065)
	(2,361)	(9,575)	8,050	–	(3,886)
(Loss)/earnings per share					
– basic	HK(0.022) cent	HK(0.161) cent	HK0.136 cent	HK(0.128) cent	HK(0.175) cent
– diluted	N/A	N/A	N/A	N/A	N/A
	Number of shares	*Number of shares*	*Number of shares*	*Number of shares*	*Number of shares*
Weighted average number of ordinary shares	5,937,935,954	–	–	(4,328,661,284)	1,609,274,670

Consolidated statement of financial position at 31 December 2009

	2009 HK$'000 (as previously reported)	Effect of restatement: increase/(decrease) Adjustment[a] HK$'000	Adjustment[b] HK$'000	Adjustment[c] HK$'000	Adjustment[d] HK$'000	2009 HK$'000 (as restated)
Non-current assets						
Property, plant and equipment	78,799	–	–	–	–	78,799
Goodwill	128,973	–	–	(53,630)	–	75,343
Available-for-sale financial assets	57,600	–	–	–	(14,275)	43,325
	265,372	–	–	(53,630)	(14,275)	197,467
Current assets						
Inventories	19,235	–	–	–	–	19,235
Trade and other receivables	32,307	–	28,775	–	–	61,082
Bank and cash balances	36,973	–	–	–	–	36,973
	88,515	–	28,775	–	–	117,290
Current liabilities						
Trade and other payables	25,595	–	–	–	–	25,595
Promissory notes	12,400	–	–	–	–	12,400
Current tax liabilities	12,007	–	7,910	–	–	19,917
	50,002	–	7,910	–	–	57,912
Net current assets	38,513	–	20,865	–	–	59,378
Total assets less current liabilities	303,885	–	20,865	(53,630)	(14,275)	256,845
Non-current liabilities						
Deferred tax liabilities	2,317	12,830	–	–	–	15,147
NET ASSETS	301,568	(12,830)	20,865	(53,630)	(14,275)	241,698
Capital and reserves						
Share capital	92,903	–	–	–	–	92,903
Reserves	212,532	(12,830)	20,865	(53,630)	(14,275)	152,662
Equity attributable to owners of the Company	305,435	(12,830)	20,865	(53,630)	(14,275)	245,565
Non-controlling interests	(3,867)	–	–	–	–	(3,867)
TOTAL EQUITY	301,568	(12,830)	20,865	(53,630)	(14,275)	241,698

Consolidated statement of financial position at 1 January 2009

	2009 HK$'000 (as previously reported)	Effect of restatement: increase/(decrease) Adjustment[(a)] HK$'000	Adjustment[(b)] HK$'000	2009 HK$'000 (as restated)
Non-current assets				
Property, plant and equipment	85,282	–	–	85,282
Available-for-sale financial assets	2,937	–	–	2,937
	88,219	–	–	88,219
Current assets				
Inventories	22,850	–	–	22,850
Trade and other receivables	28,801	–	–	28,801
Due from a related company	562	–	13,585	14,147
Bank and cash balances	26,298	–	–	26,298
	78,511	–	13,585	92,096
Current liabilities				
Trade and other payables	18,492	–	–	18,492
Due to an ex-director	3,936	–	–	3,936
Due to a related company	4,457	–	(4,457)	–
Current tax liabilities	9,978	–	5,227	15,205
	36,863	–	770	37,633
Net current assets	41,648	–	12,815	54,463
Total assets less current liabilities	129,867	–	12,815	142,682
Non-current liabilities				
Promissory notes	12,400	–	–	12,400
Deferred tax liabilities	3,561	10,906	–	14,467
	15,961	10,906	–	26,867
NET ASSETS	113,906	(10,906)	12,815	115,815
Capital and reserves				
Share capital	67,062	–	–	67,062
Reserves	46,802	(10,906)	12,815	48,711
Equity attributable to owners of the Company	113,864	(10,906)	12,815	115,773
Non-controlling interests	42	–	–	42
TOTAL EQUITY	113,906	(10,906)	12,815	115,815

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

The Group has two reportable segments as follows:

Ceramic blanks and ferrules	–	Manufacturing and trading of ceramic blanks and ferrules
On-line shopping and advertising	–	Provision of on-line shopping, advertising and media related services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segment includes general trading business. This segment does not meet any of the quantitative thresholds for determining reportable segment. The information of this other operating segment is included in the 'others' column.

Segment profits or losses do not include other income, finance costs, impairment of available-for-sale financial assets, gain on disposal of subsidiaries, gain on disposal of available-for-sale financial assets and corporate administrative and other operating expenses. Segment assets do not include goodwill, available-for-sale financial assets and other assets for general administrative use. Segment liabilities do not include promissory notes and other liabilities for general administrative use.

Information about reportable segment profit or loss, assets and liabilities:

	Ceramic blanks and ferrules	**On-line shopping and advertising**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010				
Revenue from external customers	91,676	4,024	2,207	97,907
Segment profit/(loss)	2,355	(6,295)	(1,318)	(5,258)
Depreciation	8,518	600	108	9,226
Income tax expense	4,049	–	–	4,049
Other material non-cash items:				
Additions to segment non-current assets	–	1,591	–	1,591
As at 31 December 2010				
Segment assets	85,908	2,673	178	88,759
Segment liabilities	35,616	956	40	36,612

	Ceramic blanks and ferrules	**On-line shopping and advertising**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)
Year ended 31 December 2009				
Revenue from external customers	83,830	762	1,525	86,117
Segment profit/(loss)	3,411	(1,434)	(736)	1,241
Depreciation	9,347	100	118	9,565
Income tax expense	5,018	–	–	5,018
Other material non-cash items:				
Additions to segment non-current assets	–	1,216	61	1,277
As at 31 December 2009				
Segment assets	123,813	1,204	249	125,266
Segment liabilities	40,088	–	–	40,088

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Profit or loss		
Total profit or loss of reportable segments	**(5,258)**	1,241
Gain on disposal of available-for-sale financial assets	**–**	1,035
Impairment of available-for-sale financial assets	**(43,325)**	–
Gain on disposal of subsidiaries	**903**	–
Other profit or loss	**(9,590)**	(6,162)
Consolidated loss for the year	**(57,270)**	(3,886)
Assets		
Total assets of reportable segments	**88,759**	125,266
Goodwill	**75,343**	75,343
Available-for-sale financial assets	**–**	43,325
Other assets	**98,492**	70,823
Consolidated total assets	**262,594**	314,757
Liabilities		
Total liabilities of reportable segments	**36,612**	40,088
Promissory notes	**12,400**	12,400
Other liabilities	**15,249**	20,571
Consolidated total liabilities	**64,261**	73,059

Geographical information:

	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**5,996**	2,287	**76,461**	76,708
People's Republic of China (the "PRC") except Hong Kong	**91,911**	83,830	**37,831**	77,434
Consolidated total	**97,907**	86,117	**114,292**	154,142

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2010	2009
	HK$'000	*HK$'000*
Ceramic blanks and ferrules		
Customer a	**24,673**	12,893
Customer b	**16,255**	–

5. TURNOVER

The Group's turnover which represents sales of goods to customers and revenue from provision of on-line shopping, advertising and media related services are as follows:

	2010	2009
	HK$'000	*HK$'000*
Sales of goods	**93,883**	85,355
On-line shopping, advertising and media related service income	**4,024**	762
	97,907	86,117

6. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Bank interest income	**12**	11
Other loan interest income	**8**	832
Interest on promissory notes written back	**248**	248
Net foreign exchange gains	**18**	–
Gain on disposal of available-for-sale financial assets	**–**	1,035
Sundry income	**106**	109
	392	2,235

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on promissory notes	**248**	248
Interest on other loans and advances	**194**	254
	442	502

8. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Current tax – PRC Enterprise Income Tax		
Provision for the year	**4,301**	4,790
Deferred tax	**(252)**	228
Income tax expense	**4,049**	5,018

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2009: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, base on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit before tax	**(53,221)**	1,132
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**(8,781)**	187
Tax effect of income that is not taxable	**(44)**	(6)
Tax effect of expenses that are not deductible	**10,289**	1,891
Tax effect of other temporary differences not recognised	**(12)**	34
Tax effect of tax losses not recognised	**1,328**	1,283
Effect of different tax rates of subsidiaries	**1,269**	1,629
Income tax expense	**4,049**	5,018

9. LOSS FOR THE YEAR

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

	2010 *HK$'000*	2009 *HK$'000* (Restated)
Auditor's remuneration	**600**	500
Cost of inventories sold	**73,876**	63,802
Depreciation	**9,226**	9,569
Allowance for inventories (included in cost of inventories sold)	**4,808**	5,175
Allowance for receivables	**5,461**	–
Operating lease charges in respect of land and buildings	**1,396**	1,220
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**18,560**	15,170
Retirement benefit scheme contributions	**885**	75
	19,445	15,245

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$16,456,000 (2009 (restated): HK$20,114,000) which are included in the amounts disclosed separately above.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$55,196,000 (2009 (restated): HK$2,821,000) and the weighted average number of ordinary shares of 1,893,562,668 (2009 (restated): 1,609,274,670) in issue during the year.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2010.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Trade and bills receivables	**31,677**	27,144
Prepayments, deposits and other receivables	**55,991**	33,938
	87,668	61,082

As at 31 December 2010, trade and bills receivables included an amount due from a related company, China Outdoor Media Group Limited, of approximately HK$377,000. A director, Mr. Lau Chi Yuen, Joseph, has significant influence over the related company and is a director and a substantial shareholder of the related company.

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current to 30 days	**16,419**	12,057
31 – 90 days	**10,318**	4,931
91 – 180 days	**2,888**	3,208
Over 180 days	**2,052**	6,948
	31,677	27,144

As at 31 December 2010, an allowance was made for estimated irrecoverable trade and bills receivables of approximately HK$4,381,000 (2009: HK$Nil).

Reconciliation of allowance for trade and bills receivables:

	2010	2009
	HK$'000	*HK$'000*
At 1 January	**–**	–
Allowance for the year	**4,262**	–
Exchange differences	**119**	–
At 31 December	**4,381**	–

As at 31 December 2010, trade and bills receivables of approximately HK$15,898,000 (2009: HK$6,948,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade and bills receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Up to 90 days	**11,125**	–
91 – 180 days	**2,887**	–
Over 180 days	**1,886**	6,948
	15,898	6,948

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong dollars	**557**	–
Renminbi ("RMB")	**31,120**	27,144
Total	**31,677**	27,144

12. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**4,023**	5,024
Due to an ex-director	**3,936**	3,936
Other payables	**12,154**	16,635
	20,113	25,595

The amount due to an ex-director is unsecured, interest-free and has no fixed terms of repayment.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current to 30 days	**1,748**	1,170
31 – 90 days	**229**	1,887
91 – 180 days	**170**	1,009
Over 180 days	**1,876**	958
	4,023	5,024

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong dollars	**155**	–
RMB	**3,868**	5,024
Total	**4,023**	5,024

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2010, the Group recorded a total turnover of approximately HK$97,907,000 representing an increase of approximately 14% from approximately HK$86,117,000 for the year ended 31 December 2009. A gross profit of approximately HK$22,505,000 was recorded by the Group for the year ended 31 December 2010. The loss attributable to owners of the Company was approximately HK$55,196,000.

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 2010, the Group had total assets of approximately HK$262,594,000. At the end of the reporting period, the Group had a sound financial position with bank and cash balances of approximately HK$40,603,000 and had promissory notes of approximately HK$12,400,000. The Group has a current ratio of approximately 2.58 comparing to that of 2.03 (restated) as at 31 December 2009. As at 31 December 2010, the Group's gearing ratio of 12% was calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity represents the equity as shown in the consolidated statement of financial position. (31 December 2009 (restated): 15%).

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.

Capital structure

As at 31 December 2009, the Company's outstanding issued shares were 1,858,055,819 ordinary shares of HK$0.05 each. During the year under review, 180,000,000 ordinary shares of HK$0.05 each were issued. As at 31 December 2010, the Company's outstanding issued shares were 2,038,055,819.

Significant investments

The Group did not have any significant investments as at 31 December 2010.

Material acquisitions and disposals of subsidiaries

During the year, the Group disposed of the entire issued share capital in a wholly-owned subsidiary, Noble Might Limited ("Noble Might"), at a cash consideration of US$1. Noble Might holds 50% equity interest in Top Cheer Capital Investment Limited, established in Hong Kong. The disposal was completed on 30 November 2010.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies for the year ended 31 December 2010.

Hedging policy

The Group does not have any material exposure to fluctuations in exchange or interest rates. Therefore, no hedging measures have been taken at present.

Credit policy

The credit terms given to customers are generally based on the financial strengths of individual customers. The Group generally allows an average credit term of 30 to 90 days to its trade customers.

Employees and remuneration policy

As at 31 December 2010, the Group had 369 full time employees compared with that of 290 in 2009. The staff costs, including Directors' remuneration, were approximately HK$19,445,000 (2009: HK$15,245,000). 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 2010, the Group did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On 6 January 2011, the Group entered into an agreement to acquire the entire issued share capital of Easy Time Trading Limited ("Easy Time") at a consideration of HK$390,000,000, satisfied by (i) the allotment and issuance of 533,333,333 new shares of the Company, credited as fully paid, in the sum of HK$80,000,000; (ii) the issuance of 1,733,333,333 convertible preference shares at a conversion price of HK$0.15 for each new share of the Company, in the principal amount of HK$260,000,000; and (iii) the issuance of promissory notes, carrying no interest for a term of 5 years, in the principal amount of HK$50,000,000. Easy Time is principally engaged in investment holding, with its subsidiaries engaged in the manufacturing for and trading of high-end swimwear and related garment products to certain international brands on OEM basis.

The acquisition was approved by the shareholders at an extraordinary general meeting held on 28 March 2011.

As the Group has not yet completed the fair value determination of the acquired companies' identifiable assets, liabilities and contingent liabilities at the date of acquisition, the disclosure of such amounts and amount of goodwill is impracticable.

PROSPECTS

The Company will continue to spend resources both financial and manpower on the development of its e-commerce business and platforms including the www.babybamboo.net and www.monsters.net.cn together with its internet sales center in Shenzhen. Meanwhile, the Company also puts its efforts on other potential merger and acquisition and investment opportunities that can further strengthen and create synergies with the existing e-commerce business. Given the fast economic growth in the PRC especially in the customer retail market, the Company will give top priority to consider operating businesses with PRC retail concept.

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 7 October 2010, JL Investments Capital Limited, a substantial shareholder of the Company, placed 180,000,000 ordinary shares of HK$0.05 each in the Company to Senrigan Capital Group Limited at a price of HK$0.20 each. JL Investments Capital Limited then subscribed for a total 180,000,000 new shares of HK$0.05 each in the Company at HK$0.20 per share. The subscription was completed on 21 October 2010. The net proceed of approximately HK$36,000,000 was used as general working capital of the Group. The shares rank pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment.

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

There are no purchase, sale or redemption of the Company's listed securities by the Group during the year.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

COMPETING INTERESTS

The Directors are not aware of, as at 31 December 2010, any business or interest of each Director, substantial shareholder and management shareholders (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 2010.

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 complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year ended 31 December 2010.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2010. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the year ended 31 December 2010 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.cpech.com. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

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

Hong Kong, 30 March 2011

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.