



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>

INTERIM RESULTS ANNOUNCEMENT

For the six months ended 30 June 2010

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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 total unaudited turnover of approximately HK\$43,540,000 for the six months ended 30 June 2010 representing approximately 11% decrease over the corresponding period of 2009.
- The Group's gross profit amounted to approximately HK\$12,081,000 for the six months ended 30 June 2010 whereas the gross profit of approximately HK\$16,600,000 in the corresponding period of 2009.
- The Group has recorded unaudited loss attributable to shareholders for the six months ended 30 June 2010 of approximately HK\$2,664,000, representing a basic loss per share of HK\$0.14 cents.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010.
- The Group has a sound financial position with cash balances of approximately HK\$23,016,000 and no bank borrowings as at 30 June 2010.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	30 June 2010 <i>HK\$'000</i> (unaudited)	31 December 2009 <i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	5	75,091	78,799
Goodwill		128,973	128,973
Available-for-sale financial assets		57,600	57,600
		<u>261,664</u>	<u>265,372</u>
CURRENT ASSETS			
Inventories		26,255	19,235
Trade and other receivables	6	46,487	31,494
Due from a related company		–	813
Cash and cash equivalents		23,016	36,973
		<u>95,758</u>	<u>88,515</u>
TOTAL ASSETS		<u><u>357,422</u></u>	<u><u>353,887</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	7	327,486	327,486
Other reserves		31,871	31,993
Retained earning		(56,708)	(54,044)
		<u>302,649</u>	<u>305,435</u>
Minority interest		(5,149)	(3,867)
TOTAL EQUITY		<u>297,500</u>	<u>301,568</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,317	2,317
CURRENT LIABILITIES			
Borrowings – Current Portion	8	12,400	12,400
Trade and other payables	9	31,139	21,659
Due to an ex-director		–	3,936
Tax payable		14,066	12,007
		<u>57,605</u>	<u>50,002</u>
TOTAL LIABILITIES		<u>59,922</u>	<u>52,319</u>
TOTAL EQUITY AND LIABILITIES		<u><u>357,422</u></u>	<u><u>353,887</u></u>
NET CURRENT ASSETS		<u><u>38,153</u></u>	<u><u>38,513</u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>299,817</u></u>	<u><u>303,885</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

The board of directors (the “**Board**”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended and six months ended 30 June 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

	<i>Notes</i>	Three months ended		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	24,084	29,297	43,540	48,658
Cost of sales		(17,702)	(18,221)	(31,459)	(32,058)
Gross profit		6,382	11,076	12,081	16,600
Other revenue		65	760	131	1,264
Administrative expenses		(3,239)	(5,545)	(6,068)	(6,822)
Depreciation for property, plant and equipments		(1,872)	(2,081)	(3,744)	(4,162)
Other operating expenses		(2,142)	(1,322)	(3,968)	(4,507)
(Loss)/Profit from operations		(806)	2,888	(1,568)	2,373
Finance costs		(62)	(62)	(319)	(124)
(Loss)/Profit before tax		(868)	2,826	(1,887)	2,249
Income tax expense	10	(1,172)	(2,194)	(2,059)	(2,671)
(Loss)/Profit for the period		<u>(2,040)</u>	<u>632</u>	<u>(3,946)</u>	<u>(422)</u>
(Loss)/Profit attributable to:					
Equity holders of the Company		(1,645)	713	(2,664)	(217)
Minority interest		(395)	(81)	(1,282)	(205)
		<u>(2,040)</u>	<u>632</u>	<u>(3,946)</u>	<u>(422)</u>
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company	11	HK cents	HK cents	HK cents	HK cents
Basic		<u>(0.09)</u>	<u>0.05</u>	<u>(0.14)</u>	<u>(0.01)</u>
Diluted		<u>(0.09)</u>	<u>0.05</u>	<u>(0.15)</u>	<u>(0.02)</u>
Dividend	12	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(3,946)	(422)
Other comprehensive income		
Exchange differences arising on translation of financial statement outside Hong Kong	(122)	339
Other comprehensive income for the period, net of tax	<u>—</u>	<u>—</u>
Total comprehensive loss for the period	<u>(4,068)</u>	<u>(83)</u>
Total comprehensive loss attributable to:		
– equity holders of the Company	(2,786)	122
– minority interest	<u>(1,282)</u>	<u>(205)</u>
	<u>(4,068)</u>	<u>(83)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Unaudited									
	Attributable to equity holders of the Company								Minority interest	Total equity
	Share capital	Share premium	Translation reserve	Revaluation reserve	Share Option reserve	Capital redemption reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	67,062	61,235	1,867	23,639	12,809	–	(52,748)	113,864	42	113,906
Issue of consideration Share	11,900	56,740	–	–	–	–	–	68,640	–	68,640
Exchange differences arising on translation of financial statement outside Hong Kong	–	–	339	–	–	–	–	339	–	339
Loss for the period	–	–	–	–	–	–	(217)	(217)	(205)	(422)
At 30 June 2009	<u>78,962</u>	<u>117,975</u>	<u>2,206</u>	<u>23,639</u>	<u>12,809</u>	<u>–</u>	<u>(52,965)</u>	<u>182,626</u>	<u>(163)</u>	<u>182,463</u>
At 1 January 2010	92,903	234,583	1,690	17,344	12,809	150	(54,044)	305,435	(3,867)	301,568
Exchange differences arising on translation of financial statement outside Hong Kong	–	–	(122)	–	–	–	–	(122)	–	(122)
Loss for the period	–	–	–	–	–	–	(2,664)	(2,664)	(1,282)	(3,946)
At 30 June 2010	<u>92,903</u>	<u>234,583</u>	<u>1,568</u>	<u>17,344</u>	<u>12,809</u>	<u>150</u>	<u>(56,708)</u>	<u>302,649</u>	<u>(5,149)</u>	<u>297,500</u>

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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Six months ended 30 June 2010 <i>HK\$'000</i> (unaudited)	Six months ended 30 June 2009 <i>HK\$'000</i> (unaudited)
Net cash outflow from operating activities	(11,989)	(3,735)
Net cash outflow from investing activities	(1,990)	(5,993)
Net cash inflow from financing activities	<u>—</u>	<u>—</u>
Net decrease in cash and cash equivalents	(13,979)	(9,728)
Cash and cash equivalents at the beginning of the period	36,973	26,298
Effect of foreign exchange rate changes	<u>22</u>	<u>1,319</u>
Cash and cash equivalents at the end of the period	<u><u>23,016</u></u>	<u><u>17,889</u></u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u><u>23,016</u></u>	<u><u>17,889</u></u>

NOTES TO THE CONSOLIDATION INTERIM FINANCIAL STATEMENTS

1. General Information

China Post E-Commerce (Holdings) Limited (the “Company”) and its subsidiaries (together, “the Group”) manufacture and sell ceramic ferrule, fiber optic connector, fiber optic adapter and patch code respectively. The Group has operations mainly in countries within Hong Kong and the People’s Republic of China (“PRC”).

The Company is a limited liability company incorporated in Cayman Islands and domiciled in Hong Kong. The address of its principal place of business is Room 1203, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong.

The Company has its primary listing on the Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information are presented in HK dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 9 August 2010.

This condensed consolidated interim financial information has not been audited.

2. Basis of presentation

The consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Group is mainly Renminbi. 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.

The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2010 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009.

3. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	Six months ended	
	30 June	
	2010	2009
	HK\$’000	HK\$’000
Sales of goods	42,941	48,658
Rendering of services	599	—
	43,540	48,658

4. Segment Information

(i) Business segments

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

Income statement

	Six months ended 30 June 2010			Total <i>HK\$'000</i> (unaudited)
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (unaudited)	Advertising business and media development <i>HK\$'000</i> (unaudited)	Others <i>HK\$'000</i> (unaudited)	
Revenue	<u>42,019</u>	<u>599</u>	<u>922</u>	<u>43,540</u>
Segment results	<u>8,236</u>	<u>(568)</u>	<u>669</u>	8,337
Unallocated corporate income				131
Unallocated corporate expenses				(10,036)
Finance costs				(319)
Income tax expense				<u>(2,059)</u>
Loss for the period				<u>(3,946)</u>

	Six months ended 30 June 2009			Total <i>HK\$'000</i> (unaudited)
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (unaudited)	Others <i>HK\$'000</i> (unaudited)		
Revenue	<u>47,831</u>	<u>827</u>		<u>48,658</u>
Segment results	<u>11,620</u>	<u>473</u>		12,093
Unallocated corporate income				1,264
Unallocated corporate expenses				(10,984)
Finance costs				(124)
Income tax expense				<u>(2,671)</u>
Loss for the period				<u>(422)</u>

Other information

	Six months ended 30 June 2010			
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (Unaudited)	Advertising business and media development <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Depreciation	<u>3,485</u>	<u>208</u>	<u>51</u>	<u>3,744</u>

	Six months ended 30 June 2009			
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (unaudited)		Others <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Depreciation	<u>4,103</u>		<u>59</u>	<u>4,162</u>

Balance sheet

	30 June 2010			
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (unaudited)	Advertising business and media development <i>HK\$'000</i> (unaudited)	Others <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Assets				
Segment assets	<u>151,307</u>	<u>1,608</u>	<u>517</u>	153,432
Unallocated assets				<u>203,990</u>
Total assets				<u>357,422</u>
Liabilities				
Segment liabilities	<u>35,881</u>	<u>1,096</u>	<u>190</u>	37,167
Unallocated liabilities				<u>22,755</u>
Total liabilities				<u>59,922</u>

	31 December 2009			
	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (audited)	Advertising business and media development <i>HK\$'000</i> (audited)	Others <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
Assets				
Segment assets	<u>46,497</u>	<u>1,885</u>	<u>1,017</u>	49,399
Unallocated assets				<u>304,488</u>
Total assets				<u><u>353,887</u></u>
Liabilities				
Segment liabilities	<u>17,974</u>	<u>9,092</u>	<u>387</u>	27,453
Unallocated liabilities				<u>24,866</u>
Total liabilities				<u><u>52,319</u></u>

(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 PRC.

5. Property, plant and equipment

**Property,
plant and
equipment
HK\$'000
(unaudited)**

Six months ended 30 June 2009

Opening net book amount 1 January 2009	85,282
Depreciation	<u>(4,162)</u>

Closing net book amount 30 June 2009	<u>81,120</u>
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Six months ended 30 June 2010

Opening net book amount as at 1 January 2010	78,790
Addition	45
Depreciation	<u>(3,744)</u>

Closing net book amount as at 30 June 2010	<u><u>75,091</u></u>
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6. Trade and other receivables

At 30 June 2010 and 31 December 2009, the ageing analysis of the trade receivables were as follows:

	As at	
	30 June 2010 <i>HK\$'000</i> (unaudited)	31 December 2009 <i>HK\$'000</i> (audited)
Trade receivables		
0 – 30 days	9,819	12,057
31 – 90 days	14,073	4,931
91 – 180 days	3,889	3,208
Over 180 days	9,607	6,948
	<u>37,388</u>	<u>27,144</u>

7. Share capital

	Number of shares (thousands)	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening balance 1 January 2009 (audited)	6,706,174	67,062	61,235	128,297
Consideration Issue	1,190,000	11,900	56,740	68,640
Share consolidation (5:1)	(6,316,939)	–	–	–
At 30 June 2009 (unaudited)	<u>1,579,235</u>	<u>78,962</u>	<u>117,975</u>	<u>196,937</u>
Opening balance 1 January 2010 (audited)	<u>1,858,056</u>	<u>92,903</u>	<u>234,583</u>	<u>327,486</u>
At 30 June 2010 (unaudited)	<u>1,858,056</u>	<u>92,903</u>	<u>234,583</u>	<u>327,486</u>

8. Borrowings

	As at	
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Other loan	<u>12,400</u>	<u>12,400</u>

The Group obtained a loan of promissory notes of HK\$12,400,000. On 1 June 2010, the Company entered into agreements with the promissory note holder to extend the maturity date to 2 June 2011. The loan bears fixed interest at 2% per annum and will be repayable on 1 June 2011. The promissory notes were incurred as part of consideration for redemption of convertible bonds.

9. Trade and other payables

At 30 June 2010, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) were as follows:

	As at	
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade payables		
0 – 30 days	5,194	1,170
31 – 90 days	5,588	1,887
91 – 180 days	1,434	1,009
Over 180 days	<u>1,696</u>	<u>958</u>
	<u>13,912</u>	<u>5,024</u>

10. Income taxes

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 three months ended and the six months ended 30 June 2010 (the three months ended and six months ended 30 June 2009: 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.

The taxation on the Group's profit/(loss) for the period 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/(credit) at the effective tax rates are as follows:

	Three month ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) before tax	<u>(868)</u>	<u>2,826</u>	<u>(1,887)</u>	<u>2,249</u>
Taxation at the notional rate	552	1,231	401	1,195
Tax effect of income not taxable	(31)	(227)	(21)	(219)
Tax effect of expenses not deductible for taxation purpose	282	359	600	718
Tax effect of estimated tax losses not recognized for the period	<u>369</u>	<u>831</u>	<u>1,079</u>	<u>977</u>
	<u>1,172</u>	<u>2,194</u>	<u>2,059</u>	<u>2,671</u>

11. Earnings per share

Earnings per share attributable to equity holders of the Company arises from operations as follows:

	Three months ended 30 June		Six months ended 30 June	
	(HK cents per share)		(HK cents per share)	
	2010	2009	2010	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company				
– basic	(0.09)	0.05	(0.14)	(0.01)
– diluted	(0.09)	0.05	(0.15)	(0.02)

12. Dividend

The director do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

13. Events occurring after the balance sheet date

On 2 July 2010, China Outdoor Media Group Limited (“COMG”) entered into the Agreements with iKan TV Limited and China Post E-Commerce Group Limited pursuant to which iKan TV Limited and China Post E-Commerce Group Limited shall provide advertising services to China Outdoor Media Group Limited commencing from 5 July 2010 and 1 August 2010 respectively. The advertising services include the production of promotion videos and showing of the videos and display of COMG’s logo on LCD display units situated at 100 “Japan Home Centre” retail outlets in Hong Kong. Details please refer to the announcement dated 2 July 2010.

14. Litigation

On 19 January 2004, a winding up petition was filed against the Company by certain ex-senior employees of the Group claiming for payment in the sum of HK\$594,315 from the Company in respect of an award/order dated 29 October 2003 granted by the Labour Tribunal in respect of the severance and bonus disputes between the Company and the ex-senior employees. A provision was made for this amount in the Company’s financial statements in the year 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2010, the Group's total revenue amounted to approximately HK\$43,540,000 (2009: HK\$48,658,000) representing a decrease of approximately 11% decrease over the corresponding period in last period. Gross profit was approximately HK\$12,081,000 when compared with that of approximately HK\$16,600,000 for same period in 2009. The loss attributable to shareholders was approximately HK\$2,664,000 when compared with that of approximately HK\$217,000 for the same period in 2009.

Operations

During the period 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.

Business Review and Future Outlook

Prospects

The Company will continue to run 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 exploring for business opportunities in direct mailing 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, direct mailing business and e-commerce will bring fruitful returns and create additional values to our shareholders in the coming years.

Liquidity and Financial Resources

As at 30 June 2010, the Group had total assets of approximately HK\$357,422,000 of which bank and cash balances of approximately HK\$23,016,000. The Group has a current ratio of approximately 1.66 comparing to that of 2.13 as at 31 December 2009. As at 30 June 2010, the gearing ratio of 16% was calculated by dividing total debt by total assets (as at 31 December 2009 was 14%).

Foreign Exchange Exposure

The business activities of the Group are not exposed to material fluctuations in exchange rate 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

There was no changes in the capital structure of the Group during the period.

Acquisition and disposal of subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries or affiliated companies for the six months ended 30 June 2010.

Employee Information

As at 30 June 2010, the Group employed approximately 365 staff (30 June 2009: 501). Total staff costs, including Directors' emoluments were approximately HK\$3,242,000 for the six months ended 30 June 2010 as compared with those of approximately HK\$2,272,000 for the same period in 2009.

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) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

DISCLOSURE OF INTERESTS

Interest in Securities of Directors and Chief Executive

As at 30 June 2010, the interests and short positions of the Directors in the shares (“**Shares**”), underlying Shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance, the Laws of Hong Kong (the “**SFO**”) which are required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules of the Stock Exchange (the “**GEM Listing Rules**”) relating to securities transaction by Directors, were as follows:

(i) *Long positions in Shares*

Name of Director	Number of Shares	Capacity	Nature of interest	Approximate percentage of issued share capital (%) (Note 1)
Mr. Lau Chi Yuen, Joseph (“Mr. Lau”)	621,400,000 (Note 2)	Interest of a controlled corporation	Corporate	33.44

Notes:

1. The percentage of issued share capital had been arrived at on the basis of a total of 1,858,055,819 Shares in issue as at 30 June 2010.
2. These shares are held by JL Investments Capital Limited, which is wholly owned by Mr. Lau. Mr. Lau is therefore deemed to be interested in the shares held by JL Investments Capital Limited.

Save as disclosed above, as at 30 June 2010, none of the Directors had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules relating to securities transaction by Directors.

(ii) Long positions in underlying Shares of equity derivatives of the Company

Name of Director	Types of interests	Description of securities	Number of underlying shares	Approximate percentage of interests
Mr. Chung Man Wai ("Mr. Chung")	Beneficial	Share Option (Note)	13,412,000	0.72%

Note:

On 30 May 2008, Mr. Chung was granted 67,060,000 share option under the existing share option scheme adopted in compliance with Chapter 23 of the GEM Listing Rules which carry rights to subscribe for 13,412,000 new Shares at current exercise price of HK0.46 per Share.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executives of the Company or their respective spouses or children under 18 years of age had any right to subscribe for the Shares or any share of its associated corporations.

(iii) Short positions in the Shares and underlying Shares of equity derivatives of the Company

Name of Director	Number of Shares	Capacity	Nature of interest	Approximate percentage of issued share capital (%) (Note 1)
Mr. Lau	113,000,000 (Note 2)	Interest of a controlled corporation	Corporate	6.08%

Notes:

1. See Note 1 on page 18
2. See Note 2 on page 18

Saved as disclosed herein, as at 30 June 2010, none of the Directors had short positions in Shares or underlying Shares of equity derivatives of the Company.

SHARE OPTION

On 18 March 2008, the Company terminated share option scheme adopted by the Company on 29 April 2002 and the rules of the new share option scheme (the “New Share Option Scheme”) be approved and adopted as the new share option scheme. For further details of these, please refer to the circular dated 29 February 2008.

The New Share Option Scheme is valid and effective for the period of ten years commencing on the date on which it was adopted. The purpose of the New Share Option Scheme is to provide incentives or rewards for contribution to eligible participants who have made or may make to the Group or any Invested Entity. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to any of the Participant. Participant means any Employees and any Directors (including executive, non-executive and independent non-executive Directors) of any member of the Group or any Invested Entity. The total number of shares which may fall to be issued upon exercise of all of the outstanding options granted and yet to be exercised under the New Share Option Scheme of the Company must not be exceed 30% of the shares in issue from time to time. The New Share Option Scheme will remain in force for a period of ten years commencing the date on which the scheme becomes unconditional.

As a result of the Share Consolidation, the exercise price of the outstanding options shall be adjusted from HK\$0.092 to HK\$0.46 per Share and the number Shares falling to be issued upon exercise of the options shall be adjusted from 402,360,000 Shares to 80,472,000 Shares. It was certified that the above adjustments are in compliance with Rule 23.03(13) of the GEM Listing Rules.

At 30 June 2010, the number of shares in respect of which options had been granted under the New Share Option Scheme was 80.472 Million (the six months ended and the three months ended 30 June 2009: 402.36 million), representing 4.33% (the six months ended and the three months ended 30 June 2009: 5.69%) of the shares of the Company in issue. The total number of shares in respect of which options may be granted under the New Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of approval of the New Share Option Scheme, without prior approval from the Company’s shareholders. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company is issue at any point of time, without prior approval from the Company’s shareholders. Options granted to a connected person (as such term defined in the GEM Listing Rules) of the Company in excess of 0.1% of the Company’s share capital or with a value in excess of HK\$5 million must be approved in advance by the Company’s shareholders.

The subscription price will be determined by the Board and will be the highest of (i) the quoted closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets on the five business days immediately preceding the Offer Date. Any options granted under the New Share Option Scheme shall end in any event not later than ten years from the Grant Date. A nominal value of HK\$10.00 is payable on acceptance of each grant of options.

Details of the share options granted by the Company pursuant to the New Share Option Scheme and the options outstanding as at 30 June 2010 were as follows:

Grantees	Date granted	Balance as at 1 January 2010 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	Balance as at 30 June 2010 '000	Period during with the options are exercisable	Exercise price per share
Mr. Chung (<i>Director</i>)	30 May 2008	13,412	–	–	–	13,412	30 May 2008 to 17 March 2017	HK\$0.46
Employee	30 May 2008	13,412	–	–	–	13,412	30 May 2008 to 17 March 2017	HK\$0.46
Consultants	30 May 2008	53,648	–	–	–	53,648	30 May 2008 to 17 March 2017	HK\$0.46
		<u>80,472</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80,472</u>		

Interests in Securities of Substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at 30 June 2010, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:—

(i) Long positions in Shares

Name of Shareholders	Number of Shares	Nature of interest	Approximate percentage of issued share capital (%) (Note 1)
JL Investments Capital Limited	621,400,000 (Note 2)	Corporate	33.44%
Info-Source International Development Limited	107,820,895 (Note 3)	Corporate	5.80%

Notes:

1. see Note 1 on page 18
2. see Note 2 on page 18
3. These share are held by Info-Source International Development Limited, which is wholly owned by Guangdong Postal

Save as disclosed above, as at 30 June 2010, the Directors were not aware of any other person who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

(ii) Short positions in the Shares and underlying Shares of equity derivatives of the Company

Name of Shareholder	Number of Shares	Nature of interest	Approximate percentage of issued share capital (%) (Note 1)
Mr. Lau	113,000,000 (Note 2)	Interest of a controlled corporation	6.08%

Notes:

1. See Note 1 on page 18
2. See Note 2 on page 18

As far as the Directors are aware, saved as disclosed herein, as at 30 June 2010, no persons have short positions in Shares or underlying Shares of equity derivatives of the Company.

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

The Company had not redeemed any of its Shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any Shares during the period.

COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2010, any business or interest of each Director, substantial shareholder and management shareholder (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 unaudited results for the six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance for the Company. During the period, 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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has complied with the requirements for directors’ securities transactions stated in the GEM Listing Rules. All the Directors have confirmed that they have complied with the requirements as set out in the GEM Listing Rules for the six months ended 30 June 2010.

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

Hong Kong, 9 August 2010.

As at the date of this announcement, the Company has altogether five directors comprising two executive directors namely, Mr. Lau Chi Yuen, Joseph (also the Company’s chairman) and 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.

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.