



China Post E-Commerce (Holdings) Limited

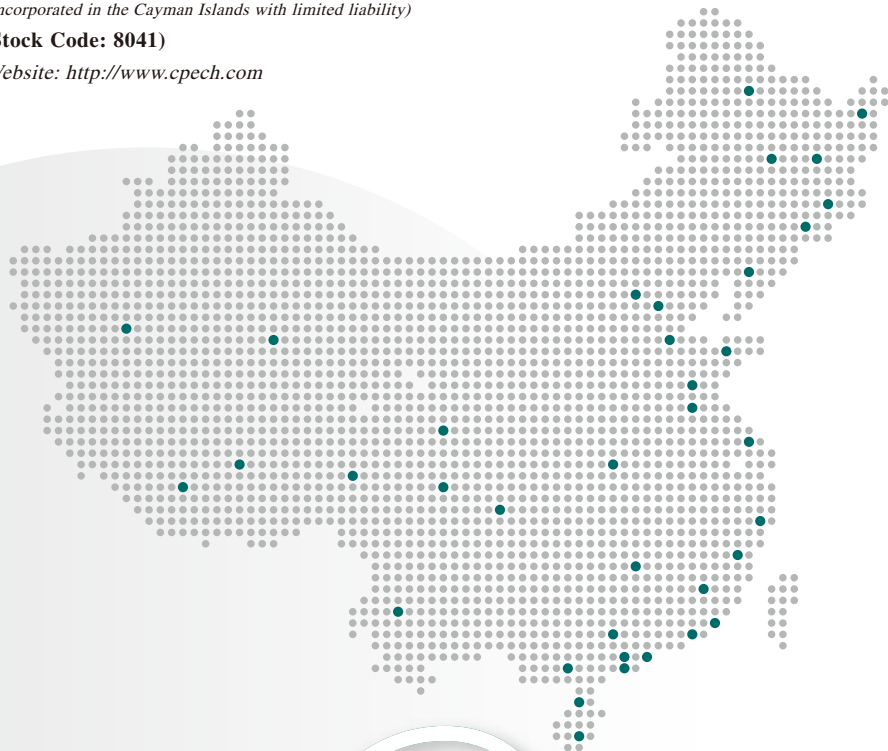
中郵電貿(控股)有限公司*

(Formerly known as Intcera High Tech Group Limited 大陶精密科技集團有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8041)

Website: <http://www.cpech.com>



* For identification purpose only

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The directors (the “Directors”) of China Post E-Commerce (Holdings) Limited (the “Company”) collectively and individually accept full responsibility for this report 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 report 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 report have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

HIGHLIGHTS

- The Group has recorded total unaudited turnover of approximately HK\$48,658,000 for the six months ended 30 June 2009 representing approximately 31% increase over the corresponding period of 2008.
- The Group's gross profit amounted to approximately HK\$16,600,000 for the six months ended 30 June 2009 whereas the gross profit of approximately HK\$11,504,000 in the corresponding period of 2008.
- The Group has recorded unaudited loss attributable to shareholders for the six months ended 30 June 2009 of approximately HK\$422,000, representing a basic loss per share of HK\$0.01 cents.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009.
- The Group has a sound financial position with cash balances of approximately HK\$17,889,000 and no bank borrowings as at 30 June 2009.
- The name of the Company was changed to China Post E-Commerce (Holdings) Limited and adopt the new Chinese name “中郵電貿(控股)有限公司”.
- The share consolidation was implemented 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.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2009

		30 June 2009 <i>HK\$'000</i> (unaudited)	31 December 2008 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	5	81,120	85,282
Available-for-sale financial assets		–	2,937
Interest in associates		<u>68,640</u>	<u>–</u>
		<u>149,760</u>	<u>88,219</u>
CURRENT ASSETS			
Inventories		26,220	22,850
Trade and other receivables	6	54,010	28,801
Due from related companies	16	9,492	562
Cash and cash equivalents		<u>17,889</u>	<u>26,298</u>
		<u>107,611</u>	<u>78,511</u>
TOTAL ASSETS		<u>257,371</u>	<u>166,730</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	7	196,937	128,297
Other reserves		38,654	38,315
Retained earning		<u>(52,965)</u>	<u>(52,748)</u>
		<u>182,626</u>	113,864
Minority interest		<u>(163)</u>	<u>42</u>
TOTAL EQUITY		<u>182,463</u>	<u>113,906</u>

		30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Borrowings	8	12,400	12,400
Deferred tax liabilities		3,561	3,561
		15,961	15,961
CURRENT LIABILITIES			
Trade and other payables	9	31,522	18,492
Due to a director		–	3,936
Due to a related company		14,776	4,457
Tax payable		12,649	9,978
		58,947	36,863
TOTAL LIABILITIES		74,908	52,824
TOTAL EQUITY AND LIABILITIES		257,371	166,730
NET CURRENT ASSETS		48,664	41,648
TOTAL ASSETS LESS CURRENT LIABILITIES		198,424	129,867

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		29,297	21,162	48,658	36,943
Cost of sales		(18,221)	(14,350)	(32,058)	(25,439)
Gross profit		11,076	6,812	16,600	11,504
Other revenue		760	4,398	1,264	4,871
Administrative expenses		(5,545)	(17,526)	(6,822)	(18,496)
Depreciation for property, plant and equipments		(2,081)	(2,547)	(4,162)	(5,080)
Other operating expenses		(1,322)	(3,162)	(4,507)	(5,557)
Profit/(loss) from operations		2,888	(12,025)	2,373	(12,758)
Finance costs		(62)	(358)	(124)	(822)
Profit/(loss) before tax		2,826	(12,383)	2,249	(13,580)
Income tax expense	11	(2,194)	(943)	(2,671)	(1,521)
Profit/(loss) for the period		632	(13,326)	(422)	(15,101)
Profit/(loss) attributable to:					
Equity holders of the Company		713	(13,326)	(217)	(15,101)
Minority Interests		(81)	–	(205)	–
		632	(13,326)	(422)	(15,101)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company	12	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic		0.05	(0.71)	(0.01)	(1.14)
Diluted		0.05	N/A	(0.02)	N/A
Dividend	13	–	–	–	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(422)	(15,101)
Other comprehensive income		
Fair value gains on redemption of Convertible Bonds	–	2,835
Other comprehensive income for the period, net of tax	<u>–</u>	<u>–</u>
Total comprehensive loss for the period	<u>(422)</u>	<u>(12,266)</u>
Total comprehensive loss attributable to:		
– equity holders of the Company	(217)	(12,266)
– minority interest	(205)	–
	<u>(422)</u>	<u>(12,266)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Translation reserve	Revaluation reserve	Share Option reserve	Convertible bonds reserve	Accumulated losses	Total	Minority interest	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	7,231	61,597	763	28,296	-	5,490	(28,710)	74,667	-	74,667
Exchange difference arising on translation of financial statement outside										
Hong Kong	-	-	959	-	-	-	-	959	-	959
Bonus issue	362	(362)	-	-	-	-	-	-	-	-
Placing issue	50,000	-	-	-	-	-	-	50,000	-	50,000
Right issue	7,231	-	-	-	-	-	-	7,231	-	7,231
Remuneration issue	2,238	-	-	-	-	-	-	2,238	-	2,238
Redemption on convertible bonds	-	-	-	-	-	(5,490)	-	(5,490)	-	(5,490)
Reserve on share option	-	-	-	-	12,809	-	-	12,809	-	12,809
Loss for the period	-	-	-	-	-	-	(15,101)	(15,101)	-	(15,101)
At 30 June 2008	67,062	61,235	1,722	28,296	12,809	-	(43,811)	127,313	-	127,313
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	78,962	117,975	2,206	23,639	12,809	-	(52,965)	182,626	(163)	182,463

In the opinion of the directors, the revaluation reserve, convertible bonds 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 2009 <i>HK\$'000</i> (unaudited)	Six months ended 30 June 2008 <i>HK\$'000</i> (unaudited)
Net cash outflow from operating activities	(3,735)	(285)
Net cash outflow from investing activities	(5,993)	(6,981)
Net cash inflow from financing activities	<u>–</u>	<u>39,389</u>
Net (decrease)/increase in cash and cash equivalents	(9,728)	32,123
Cash and cash equivalents at the beginning of the period	26,298	37
Effect of foreign exchange rate changes	<u>1,319</u>	<u>961</u>
Cash and cash equivalents at the end of the period	<u>17,889</u>	<u>33,121</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>17,889</u>	<u>33,121</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 12 August 2009.

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 2009 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008.

3. Accounting Policies

In the current period, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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 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)
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>

Six months ended 30 June 2008

	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)
Revenue	<u>36,943</u>	<u>–</u>	<u>36,943</u>
Segment results	<u>5,947</u>	<u>–</u>	5,947
Unallocated corporate income			4,871
Unallocated corporate expenses			(23,576)
Finance costs			(822)
Income tax expense			<u>(1,521)</u>
Loss for the period			<u>(15,101)</u>

Other information

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>

Six months ended 30 June 2008

	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>5,080</u>	<u>–</u>	<u>5,080</u>

Balance sheet

	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)
Assets			
Segment assets	<u>148,550</u>	<u>330</u>	148,880
Unallocated assets			<u>108,491</u>
Total assets			<u>257,371</u>
Liabilities			
Segment liabilities	<u>30,046</u>	<u>-</u>	30,046
Unallocated liabilities			<u>44,862</u>
Total liabilities			<u>74,908</u>

31 December 2008

	Manufacturing and trading of ceramic blanks and ferrules <i>HK\$'000</i> (audited)	Others <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
Assets			
Segment assets	<u>51,032</u>	<u>574</u>	51,606
Unallocated assets			<u>115,124</u>
Total assets			<u>166,730</u>
Liabilities			
Segment liabilities	<u>28,654</u>	<u>–</u>	28,654
Unallocated liabilities			<u>24,170</u>
Total liabilities			<u>52,824</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 <i>HK\$'000</i> (unaudited)
Six months ended 30 June 2008	
Opening net book amount 1 January 2008	91,759
Depreciation	<u>(5,080)</u>
Closing net book amount 30 June 2008	<u>86,679</u>
Six months ended 30 June 2009	
Opening net book amount as at 1 January 2009	85,282
Depreciation	<u>(4,162)</u>
Closing net book amount as at 30 June 2009	<u>81,120</u>

6. **Trade and other receivables**

At 30 June 2009 and 31 December 2008, the ageing analysis' of the trade receivables were as follows:

	As at	
	30 June 2009 <i>HK\$'000</i> (unaudited)	31 December 2008 <i>HK\$'000</i> (audited)
Trade receivables		
0 – 30 days	11,552	6,870
31 – 90 days	15,871	6,450
91 – 180 days	4,140	7,505
Over 180 days	<u>10,227</u>	<u>4,760</u>
	<u>41,790</u>	<u>25,585</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 2008 (audited)	723,087	7,231	61,597	68,828
Bonus issue	36,154	362	(362)	–
Placing of shares	1,458,000	14,580	–	14,580
Subscription issue	3,542,000	35,420	–	35,420
Rights issue	723,087	7,231	–	7,231
Remuneration issue	223,846	2,238	–	2,238
	<u>6,706,174</u>	<u>67,062</u>	<u>61,235</u>	<u>128,297</u>
At 30 June 2008 (unaudited)				
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)	–	–	–
	<u>1,579,235</u>	<u>78,962</u>	<u>117,975</u>	<u>196,937</u>
At 30 June 2009 (unaudited)				

8. Borrowings and loans

	As at	
	30 June 2009	31 December 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Loan	<u>12,400</u>	<u>12,400</u>

The Group obtained a loan of promissory notes of HK\$12,400,000. The loan bears fixed interest at 2% per annum and will be repayable on 1 June 2010. The promissory notes were incurred as part of consideration for redemption of convertible bonds.

9. Trade and other payables

At 30 June 2009, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) were as follows:

	As at	
	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Trade payables		
0 – 30 days	6,038	4,768
31 – 90 days	6,497	2,853
91 – 180 days	1,843	48
Over 180 days	3,019	644
	17,397	8,313

10. Operating profit

The following items of unusual nature, size or incidence have been (credited)/charged to the operating profit during the period:

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Gain on redemption of Convertible Bonds	–	(2,835)
Reserve on share option	–	12,809

11. 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 2009 (the three months ended and six months ended 30 June 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.

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		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) before tax	2,826	(12,383)	2,249	(13,580)
Taxation at the notional rate	1,231	(1,885)	1,195	(1,920)
Tax effect of income not taxable	(227)	(763)	(219)	(844)
Tax effect of expenses not deductible for taxation purpose	359	509	718	1,033
Tax effect of estimated tax losses not recognized for the period	831	3,082	977	3,252
	2,194	943	2,671	1,521

12. Earnings per share

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

	Three months ended		Six months ended	
	30 June		30 June	
	(cents per share)		(cents per share)	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(audited)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company				
- basic	0.05	(0.71)	(0.01)	1.14
- diluted	0.05	N/A	(0.02)	N/A

13. Dividends

The director do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

14. Events occurring after the balance sheet date

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.

15. 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.

16. Related-party transactions

During the six months to 30 June 2009, loans of HK\$9,000,000 (six months to 30 June 2008: nil) were made to China New Media Company Limited, a company in which Mr. Lau Chi Yuen, Joseph, a director of China Post E-Commerce (Holdings) Limited, is also a director. At 30 June 2009, an amount of approximately HK\$9,492,000 (31 December 2008: nil) was due from China New Media Company Limited.

The loan's term and conditions are as follows:

Amount of loan <i>HK\$'000</i>	Term	Interest rate per annum
9,000	Repayable 2 years	15%

CHANGE OF NAME

At an annual general meeting of shareholders of the Company was held on 27 April 2009, a special resolution to change the name of the Company from Intcera High Tech Group Limited to China Post E-Commerce (Holdings) Limited and adopt the new Chinese name “中郵電貿(控股)有限公司” to replace “大陶精密科技集團有限公司”.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2009, the Group's total revenue amounted to approximately HK\$48,658,000 (2008: HK\$36,943,000) representing a increase of approximately 31% increase over the corresponding period in last period. Gross profit was approximately HK\$16,600,000 when compared with that of approximately HK\$11,504,000 for same period in 2008. The loss attributable to shareholders was approximately HK\$422,000 when compared with that of approximately HK\$15,101,000 for the same period in 2008.

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.

On 9 January 2009, the Company entered into a Sale and Purchase Agreement to acquire 10% of the issued share capital of Info-Source Media Limited (“Info-Source”), which is beneficially owned by Guangdong Postal, at a consideration of HK\$28,800,000. The acquisition was completed on 3 February 2009 and the consideration was satisfied in full by the allotment and issue of 360,000,000 Consideration Shares at the Issue Price of HK\$0.08 per share.

Info-Source is principally engaged in the provision of state-of-the-art E-commerce platform through Guangdong Postal’s powerful physical network, sophisticated information network and strong post bank capital support with a broad portfolio of media advertising platforms including bank location network, in-store network, post outlets network, commercial location network, direct mail network, magazine distribution network, wireless and outdoor light-emitting diode (LED) monitor network.

On 4 March 2009, the Company entered into a memorandum of understanding (“MOU”) with Info-Source. The MOU assigned the responsibilities of the Company and Info-Source. Info-Source will develop and support the Company with an effective e-commerce platform whereas the Company will identify potential clients interested in using e-commerce platform.

On 6 April 2009, the Company, entered into the Sale and Purchase Agreement to acquire 9% of the issued share capital of iKan TV Limited which is principally engaged in advertising business and media development in Hong Kong and PRC. The acquisition was completed on 29 April 2009 and the consideration was satisfied in full by the allotment and issue of 830,000,000 consolidation shares at the issue price of HK\$0.048 per share.

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.

Liquidity and Financial Resources

As at 30 June 2009, the Group had total assets of approximately HK\$257,371,000 of which bank and cash balances of approximately HK\$17,889,000. The Group has a current ratio of approximately 1.83 comparing to that of 2.13 as at 31 December 2008. As at 30 June 2009, the gearing ratio of 29% was calculated by dividing total debt by total assets (as at 31 December 2008 was 32%).

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

During the six months ended 30 June 2009, 1,190,000,000 shares of HK\$0.01 each were issued.

Share consolidation

At an extraordinary general meeting of shareholders of the Company was held on 29 May 2009, a 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.

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 2009.

Employee Information

As at 30 June 2009, the Group employed approximately 501 staff (30 June 2008: 230). Total staff costs, including Directors' emoluments were approximately HK\$2,873,000 for the six months ended 30 June 2009 as compared with those of approximately HK\$2,272,000 for the same period in 2008.

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 2009 (six months ended 30 June 2008: Nil).

DISCLOSURE OF INTERESTS

Interest in Securities of Directors and Chief Executive

As at 30 June 2009, 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 (%) <i>(Note)</i>
Mr. Lau Chi Yuen, Joseph ("Mr. Lau")	708,400,000 <i>(Note)</i>	Interest of a controlled corporation	Corporate	44.86

Notes:

1. The percentage of issued share capital had been arrived at on the basis of a total of 1,579,234,924 Shares in issue as at 30 June 2009.
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 2009, 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/ Ex-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	0.95%
Mr. Tung Tai Yung ("Mr. Tung")	Beneficial	Share Option (Note)	13,412,000	0.95%

Note:

On 30 May 2008, Mr. Tung and Mr. Chung have been 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 67,060,000 new Shares at current exercise price of HK0.092 per Share. Mr. Chung was appointed as executive director of the Company on 22 October 2008. Mr. Tung resigned as executive director of the Company on 29 October 2008.

Save as disclosed above, as at 30 June 2009, 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*

Saved as disclosed herein, as at 30 June 2009, 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 2009, 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 2008: Nil), representing 6.0% (the six months ended and the three months ended 30 June 2008: 0%) 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 in 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 2009 were as follows:

Grantees	Date granted	Balance as at 1 January 2009 '000	Granted during the period '000	Exercised during the period	Lapsed during the period	Balance as at 30 June 2009 '000	Period during with the options are exercisable	Exercise price per share
Mr. Chung (Director)	30 May 2008	67,060	-	-	-	67,060	30 May 2008 to 17 March 2017	HK\$0.092
Mr. Tung (Ex-Director)	30 May 2008	67,060	-	-	-	67,060	30 May 2008 to 17 March 2017	HK\$0.092
Employee	30 May 2008	67,060	-	-	-	67,060	30 May 2008 to 17 March 2017	HK\$0.092
Consultants	30 May 2008	201,180	-	-	-	201,180	30 May 2008 to 17 March 2017	HK\$0.092
		<u>402,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,360</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 2009, 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	708,400,000 (Note 2)	Corporate	44.86%
Get Profit Holdings Limited	166,000,000 (Note 3)	Corporate	10.51%

Notes:

1. see Note 1 on page 23
2. see Note 2 on page 23
3. These share are held by Get Profit Holdings Limited, which is wholly owned by Mr. Kwok Ming Fai. Mr. Kwok Ming Fai is therefore deemed to be interested in the shares held by Get Profit Holdings Limited.

Save as disclosed above, as at 30 June 2009, 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)
Provance Place Company Limited	73,800,000 (Note 2)	Corporate	7.73%

Notes:

1. See Note 1 on page 23.
2. These shares are held by Provance Place Company Limited which is wholly owned by Mr. Chan. Mr. Chan is therefore deemed to be interested in the shares held by Provance Place Company Limited.

As far as the Directors are aware, saved as disclosed herein, as at 30 June 2009, 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 2009, 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 2009.

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 2009.

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

Hong Kong, 12 August 2009.