



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>



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.

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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\$70,210,000 for the nine months ended 30 September 2009 representing approximately 17% increase over the corresponding period of 2008.
- The Group's gross profit amounted to approximately HK\$22,459,000 for the nine months ended 30 September 2009 whereas the gross profit of approximately HK\$21,539,000 in the corresponding period of 2008.
- The Group has recorded unaudited loss attributable to shareholders for the nine months ended 30 September 2009 of approximately HK\$1,165,000, representing a basic loss per share of HK\$0.09 cents.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009.
- The Group has a sound financial position with cash balances of approximately HK\$20,239,000 and no bank borrowings as at 30 September 2009.

CONDENSED CONSOLIDATED 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 nine months ended 30 September 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

| | <i>Notes</i> | Three months ended 30 September | | Nine months ended 30 September | |
|---|--------------|---|---------------------------|---|---------------------------|
| | | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> | 2009 <i>HK\$'000</i> | 2008 <i>HK\$'000</i> |
| Revenue | | 21,552 | 23,260 | 70,210 | 60,203 |
| Cost of sales | | (15,693) | (13,225) | (47,751) | (38,664) |
| Gross profit | | 5,859 | 10,035 | 22,459 | 21,539 |
| Other revenue | | 221 | 503 | 1,485 | 5,374 |
| Administrative expenses | | (897) | (3,188) | (7,719) | (21,684) |
| Depreciation for property, plant and equipments | | (2,081) | (2,518) | (6,243) | (7,598) |
| Other operating expenses | | (3,422) | (2,912) | (7,929) | (8,469) |
| Profit/(loss) from operations | | (320) | 1,920 | 2,053 | (10,838) |
| Finance costs | | (63) | (62) | (187) | (884) |
| Profit/(loss) before tax | | (383) | 1,858 | 1,866 | (11,722) |
| Income tax expense | 4 | (644) | (1,957) | (3,315) | (3,478) |
| Loss for the period | | (1,027) | (99) | (1,449) | (15,200) |
| Loss attributable to: | | | | | |
| Equity holders of the Company | | (948) | (99) | (1,165) | (15,200) |
| Minority interest | | (79) | – | (284) | – |
| | | (1,027) | (99) | (1,449) | (15,200) |
| Loss per share for loss attributable to the equity holders of the Company | 5 | <i>HK cents</i> (0.06) | <i>HK cents</i> (0.00) | <i>HK cents</i> (0.09) | <i>HK cents</i> (0.33) |
| Diluted | | (0.06) | N/A | (0.09) | N/A |
| Dividend | 6 | – | – | – | – |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | |
|--|-----------------------|-----------------|
| | Nine months ended | |
| | 30 September | |
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Loss for the period | (1,449) | (15,200) |
| 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>(1,449)</u> | <u>(12,365)</u> |
| Total comprehensive loss attributable to: | | |
| – equity holders of the Company | (1,165) | (12,365) |
| – minority interest | (284) | – |
| | <u>(1,449)</u> | <u>(12,365)</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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 | - | - | 568 | - | - | - | - | 568 | - | 568 |
| 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 | - | - | - | - | - | - | (15,200) | (15,200) | - | (15,200) |
| At 30 September 2008 | 67,062 | 61,235 | 1,331 | 28,296 | 12,809 | - | (43,910) | 126,823 | - | 126,823 |
| 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 | 20,691 | 139,349 | - | - | - | - | - | 160,040 | - | 160,040 |
| Placing issue | 5,300 | 34,980 | - | - | - | - | - | 40,280 | - | 40,280 |
| Exchange differences arising on translation of financial statement outside | | | | | | | | | | |
| Hong Kong | - | - | 339 | - | - | - | - | 339 | - | 339 |
| Loss for the period | - | - | - | - | - | - | (1,165) | (1,165) | (284) | (1,449) |
| At 30 September 2009 | 93,053 | 235,564 | 2,206 | 23,639 | 12,809 | - | (53,913) | 313,358 | (242) | 313,116 |

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.

NOTES TO THE CONSOLIDATION 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 financial information are presented in HK dollars, unless otherwise stated. This condensed consolidated financial information was approved for issue on 11 November 2009.

This condensed consolidated 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 nine months ended 30 September 2009 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

3. Operating profit

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

| | Nine months ended | |
|---|--------------------------|-------------|
| | 30 September | |
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Gain on redemption of Convertible Bonds | - | (2,835) |
| Reserve on share option | - | 12,809 |

4. 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 nine months ended 30 September 2009 (the three months ended and the nine months ended 30 September 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 30 September | | Nine months ended 30 September | |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2009 HK\$'000 (unaudited) | 2008 HK\$'000 (unaudited) | 2009 HK\$'000 (unaudited) | 2008 HK\$'000 (unaudited) |
| Profit/(loss) before tax | 383 | 1,858 | 1,866 | (11,722) |
| Taxation at the notional rate | 126 | 912 | 1,321 | (1,008) |
| Tax effect of income not taxable | (6) | (97) | (225) | (941) |
| Tax effect of expenses not deductible for taxation purpose | 360 | 446 | 1,078 | 1,479 |
| Tax effect of estimated tax losses not recognized for the period | 164 | 696 | 1,141 | 3,948 |
| | 644 | 1,957 | 3,315 | 3,478 |

5. Earnings per share

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

| | Three month ended 30 September (HK cents per share) | | Nine months ended 30 September (HK cents per share) | |
|---|---|---------------------|---|-------------------|
| | 2009 (unaudited) | 2008 (unaudited) | 2009 (unaudited) | 2008 (audited) |
| Loss per share for loss attributable to the equity holders of the Company | | | | |
| – basic | (0.06) | (0.00) | (0.09) | (0.33) |
| – diluted | (0.06) | N/A | (0.09) | N/A |

6. Dividends

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the nine months ended 30 September 2009, the Group's unaudited total revenue amounted to approximately HK\$70,210,000 (2008: HK\$60,203,000) representing an increase of approximately 17% increase over the corresponding period in last period. Gross profit was approximately HK\$22,459,000 when compared with that of approximately HK\$21,539,000 for same period in 2008. The loss attributable to shareholders was approximately HK\$1,165,000 when compared with that of approximately HK\$15,200,000 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 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.

On 19 August 2009, the Company gave a notice to Info Source International Development Limited to exercise the Call Option to purchase 1,000 Option Shares, representing 10% of the issued share capital of Info-Source, pursuant to terms of the Sale and Purchase Agreement dated 9 January 2009, at a consideration of HK\$28,800,000. The acquisition was completed on 3 September 2009 and the consideration was satisfied as to HK\$14,400,000 by way of cash, and the balance of HK\$14,400,000 by the allotment and issue of 35,820,895 new Shares to Info Source International Development Limited credited as fully paid at the issue price of HK\$0.402 upon completion for the purchase of option shares.

On 27 August 2009, the Company entered into the Sale and Purchase Agreement to acquire 4% of the issued share capital of iKan TV Limited. The consideration of HK\$9.2 million be satisfied by way of set-off against the loan to the extent of the consideration upon completion. The acquisition was completed on 30 September 2009.

On 25 September 2009, the Company entered into the Sale and Purchase Agreement to acquire 40% of the issued capital of iKan TV Limited. The acquisition was completed on 30 September 2009 and the consideration was satisfied in full by the allotment and issue of 140,000,000 Shares at the issue price of HK\$0.55 per share. As a result, the Company currently owns 53% of iKan TV Limited.

Saved as disclosed above, during the nine months ended 30 September 2009, the Group did not make any material acquisition and disposal of subsidiaries and affiliated companies and investment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group had net current assets of approximately HK\$62,775,000 (30 September 2008: HK\$55,467,000). The current assets comprised bank balances and cash of approximately HK\$20,239,000, trade and other receivables of approximately HK\$49,583,000. The current liabilities comprised trade and note payables, accrued charges and other payables of approximately HK\$21,053,000.

As at 30 September 2009, the Group had no significant exposure to fluctuations in exchange rates and any related hedges.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (nine months ended 30 September 2008: Nil).

DISCLOSURE OF INTERESTS

Interest in Securities of Directors and Chief Executive

As at 30 September 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 (Note) |
|---|-----------------------|--------------------------------------|--------------------|--|
| Mr. Lau Chi Yuen, Joseph ("Mr. Lau") | 664,400,000 (Note) | Interest of a controlled corporation | Corporate | 35.70% |

Notes:

1. The percentage of issued share capital had been arrived at on the basis of a total of 1,861,055,819 Shares in issue as at 30 September 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 September 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 | 0.72% |
| Mr. Tung Tai Yung ("Mr. Tung") | Beneficial | Share Option (Note) | 13,412,000 | 0.72% |

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 September 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 September 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 September 2009, the number of shares in respect of which options had been granted under the New Share Option Scheme was 80.472 Million (the nine months ended and the three months ended 30 September 2008: Nil), representing 4.3% (the nine months ended and the three months ended 30 September 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 September 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 September 2009 '000 | Period during which 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 September 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 | 664,400,000 (Note 2) | Corporate | 35.70% |
| Get Profit Holdings Limited | 166,000,000 (Note 3) | Corporate | 8.92% |
| Win Today Limited | 140,000,000 (Note 4) | Corporate | 7.52% |
| Info-Source International Development Limited | 107,820,895 (Note 5) | Corporate | 5.79% |

Notes:

1. see Note 1 on page 13
2. see Note 2 on page 13
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.

4. These shares are held by Win Today Limited, which is wholly owned by Ms. Yu Wai Yin Vicky. Ms. Yu Wai Yin Vicky is therefore deemed to be interested in the shares held by Win Today Limited.
5. These share are held by Info-Source International Development Limited, which is wholly owned by Guangdong Postal.

Save as disclosed above, as at 30 September 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 | 3.97% |

Notes:

1. See Note 1 on page 13.
2. These shares are held by Provance Place Company Limited which is wholly owned by Mr. Chan Man Hon. Mr. Chan Man Hon 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 September 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 September 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 nine months ended 30 September 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 nine months ended 30 September 2009.

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

Hong Kong, 11 November 2009.