DeTeam Company Limited
弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8112

08 Annual Report

*For identification purposes only

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CORPORATE PROFILE

Board of Directors

Executive Directors
Mr. Mak Shiu Chung, Godfrey *(Chairman)*
Mr. Zhang Chao Liang
Mr. Wang Hon Chen

Independent Non-Executive Directors
Mr. Kwok Chi Shing
Mr. Tsang Wai Sum
Mr. Yu Yang

Compliance Officer

Mr. Mak Shiu Chung, Godfrey

Company Secretary

Mr. Wong Choi Chak FCCA, CPA

Authorised Representatives

Mr. Mak Shiu Chung, Godfrey
Mr. Zhang Chao Liang

Qualified Accountant

Mr. Wong Choi Chak FCCA, CPA

Audit Committee Members

Mr. Kwok Chi Shing
Mr. Tsang Wai Sum
Mr. Yu Yang

Remuneration & Nomination Committee

Mr. Tsang Wai Sum
Mr. Mak Shiu Chung, Godfrey
Mr. Yu Yang

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suite no.3, 31st Floor
Sino Plaza
255-257 Gloucester Road
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fund Service (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong Branch)
Citic Ka Wah Bank

Auditor

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

Legal Advisers

As to Hong Kong Law:
Morrison & Foerster

As to Cayman Islands Law:
Conyers Dill & Pearman, Cayman

Stock Code

8112

To the Shareholders

Final Results

On behalf of the board of directors (the "Board") of DeTeam Company Limited (the "Company"), I am pleased to present the audited consolidated results of the Company (together with its subsidiaries, the "Group") for the year ended 31 December 2008. It has been a record year for the Group, with our turnover exceeding HK$364 million for the first time.

Business Review

The Group's main businesses are the production and sale of plastic woven bags and the trading of coal in the PRC. The plastic woven bags business contributed a significant portion of the profits for the Group in 2008, generating the segment result with a profit of approximately HK$60 million for the Group due to increased sales and a corresponding increase in gross profit margin, principally as a result of the completion of the Group's construction of its new production plant. Notwithstanding the financial turmoil in the second half of 2008, it has not had a significant impact on the financial results of the Group for the year ended 31 December 2008. The Group has also expanded into the trading of plastic barrels during the year in order to increase its source of income and to enhance its profitability.

As announced, the Group restructured its open-pit coal trading joint venture arrangement with 內蒙古源源能源有限責任公司(Inner Mongolin Yuan Yuan Energy Company Limited) ("Yuan Yuan") and in this connection, it entered into agreement with Yuan Yuan to acquire 51% equity interest in 吉林省德峰物資經貿有限責任公司 (Jilin Province De Feng Commodity Economics and Trade Co., Limited) ("De Feng") on or about April 2008. Following the completion of acquisition in late August 2008, De Feng has generated a satisfactory level of profit and income for the Group, because the tight supply of coal during the period.

In relation to the underground coal trading joint venture arrangement with Yuan Yuan, following the excavation of the underground coal mine of Inner Mongolin Jinyuanli Underground Mining Company Limited, it was found that the coal in the sixth tier underground was not of a commercially viable quality. Consequently, the excavation has been extended to the eighth tier underground and therefore, we expect a delay in the commencement of the operations of the underground coal trading joint venture. Currently, we expect this joint venture will generate revenue for the Group around the end of 2009.

Prospects

We expect the protracted global financial turmoil to have a negative impact on the Group's plastic woven bags and coal trading businesses in the near term. The Group will exercise stringent control over its expenditures and adopt cost-saving measures. In light to the foregoing and with the expected commencement of the underground coal trading joint venture in 2009, we are cautiously optimistic about the Group's business and its future.

We are considering the possibility of seeking a transfer of listing from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Ltd. Such a transfer, if successful, will enhance the recognition and business profile of the Group. In addition, the Group will continue to seek out other coal related investment opportunities with the aim to achieve satisfactory return to the shareholders.

CHAIRMAN'S STATEMENT

Appreciation

Our employees are the Group's most valuable assets, and have been key to the Group's success. On behalf of the Board, I would like to express our sincere gratitude to all employees of the Group for their dedication and contribution during the year and in the past.

Mak Shiu Chung, Godfrey
Chairman

4 March 2009, Hong Kong

Financial highlights

	2008 HK$'000	2007 HK$'000	Change
Operating Results			
Turnover	364,150	198,244	84%
Gross profit	91,712	41,049	123%
Operating expenses	28,667	13,850	107%
Finance costs	344	579	-41%
Profit for the year attributable to equity holders of the Company	50,956	36,073	41%
Earnings per share – basic	12.03 cents	10.04 cents	20%
Financial Position			
Total assets	535,397	374,313	43%
Bank and cash balances	142,241	201,517	-29%
Equity attributable to equity holders of the Company	397,966	337,020	18%
Financial Ratios			
Current ratio	6.66	19.53	-66%
Gearing ratio	0.01	0	N/A

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of financial information

The following is a summary of the published consolidated results of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate:

Results

	Year ended 31 December				
			(Restated)	(Restated)	(Restated)
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover					
From continuing operations	364,150	198,244	66,771	–	–
From discontinued operation	–	903	2,918	7,495	33,701
	364,150	199,147	69,689	7,495	33,701
Profit from operations	68,286	31,314	12,138	–	–
Finance costs	(344)	(579)	(536)	–	–
Loss on disposals of subsidiaries	–	–	(90)	–	–
Share of losses of associates	–	–	–	(132)	(1,433)
Profit/(loss) before tax	67,942	30,735	11,512	(132)	(1,433)
Income tax (expense)/credit	(14,109)	1,381	–	–	–
Profit/(loss) for the year from continuing operations	53,833	32,116	11,512	(132)	(1,433)
Profit/(loss) for the year from discontinued operation	–	3,141	(1,379)	(8,816)	(2,977)
Profit/(loss) for the year	53,833	35,257	10,133	(8,948)	(4,410)
Attributable to:					
Equity holders of the Company	50,956	36,073	10,133	(8,948)	(4,410)
Minority interests	2,877	(816)	–	–	–
	53,833	35,257	10,133	(8,948)	(4,410)

Summary of financial information (Continued)

Assets, liabilities and equity

	As at 31 December				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	238,485	115,027	27,841	1,295	4,289
Current assets	296,912	259,286	34,823	6,826	14,021
TOTAL ASSETS	535,397	374,313	62,664	8,121	18,310
Non-current liabilities	2,863	–	2,375	–	6,000
Current liabilities	44,552	13,277	39,118	15,558	10,946
TOTAL LIABILITIES	47,415	13,277	41,493	15,558	16,946
NET ASSETS	487,982	361,036	21,171	(7,437)	1,364
Attributable to:					
Equity holders of the Company	397,966	337,020	21,171	(7,437)	1,364
Minority interests	90,016	24,016	–	–	–
TOTAL EQUITY	487,982	361,036	21,171	(7,437)	1,364

Notes:

The results of the Group for the years ended 31 December 2004, 2005, 2006 and 2007 and of the assets, liabilities and equity of the Group as at these dates have been extracted from audited financial statements of the Company for the respective years and restated as appropriate.

The results of the Group for the years ended 31 December 2004 to 2006 have been restated as a result of the classification of the transportation business to discontinued operations in 2007.

The results of the Group for the year ended 31 December 2008 and of the assets, liabilities and equity of the Group as at 31 December 2008 are those set out on pages 26 and 27 of the financial statements respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial review

The Group achieved excellent result in 2008. For the year ended 31 December 2008, the Group's turnover was approximately HK$364 million representing a significant increase of approximately HK$166 million as compared with approximately HK$198 million in last year. The revenue was mainly generated from Changchun Yicheng Packaging Company Limited. For the year 2008, the Group generated an operating profit of approximately HK$68 million compared with the operating profit approximately HK$31 million for the year ended 31 December 2007, representing the increase in profit by approximately HK$37 million. The result of coal business as reflected in the segmental information included pre-operating expenses and excavation costs for underground coal mines of approximately HK$5 million and profit from distribution of coal from open-pit mine in the PRC of approximately HK$16 million.

Consequently the profit attributable to shareholders increased from approximately HK$36 million in 2007 to approximately HK$51 million in 2008, administrative expenses increased to approximately HK$22 million in 2008 (2007: approximately HK$12 million).

In late August 2008, the Company completed the acquisition of 51% equity interest in De Feng and De Feng is starting to contribute profit from sales of coal.

The financial tsunami has a little effect to the businesses of the Group. The Group do not made any over-the counter contingent forward transaction. The fluctuation of Renminbi in the period is not significant. Significant portion of money is kept in the bank for fixed deposits. The Group will continue to seek out other investment opportunities with the aim to bring satisfactory reward to the shareholder.

Capital structure, liquidity and financial resources

As at 31 December 2008, the Group had cash and cash equivalents amounting to approximately HK$142 million. Additionally, the Group's gearing ratio was 0.01 which is based on the division of long-term liabilities by shareholders' funds. The Group's liquidity ratio was 6.66.

Foreign currency risk

The Group's sales and purchase are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. Since the exchange rate fluctuation between Hong Kong dollar and Renminbi is very small, the foreign exchange risk is very low and no hedging has been made.

Contingent liabilities

As at 31 December 2008, the Group did not have any material contingent liabilities.

Employee information

As at 31 December 2008, the Group employed a total of 596 full-time employees. The Group has entered into employment contracts with all of its employees. The remuneration package for its staff comprises of monthly salary, provident fund contributions, medical claims, training programmes, housing allowance and discretionary options based on their contribution to the Group.

During the year under review, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

Material acquisitions and significant investment

In August 2008, the Company completed the transaction through its indirectly wholly owned subsidiary, Kotan Resources (China) Limited ("KRL") with Yuan Yuan in relation to the acquisition of equity interest in De Feng at a total consideration of RMB2,550,000. Upon completion of the Equity Transfer Agreement, KRL and Yuan Yuan will hold 51% and 49% equity interest in the registered capital of De Feng respectively.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2008 and currently it has no plan for material investments or capital assets.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Mak Shiu Chung, Godfrey, aged 46, has over 18 years of experience in the field of corporate finance, specialising in advisory services for major transactions concerning different sectors. He has participated in various securities and financing activities in Asia. Mr. Mak returned to Hong Kong and joined the Hong Kong Government as an Administrative Officer in 1988. He started his corporate finance career at Morgan Grenfell in 1990. He holds a Bachelor of Science degree in Business Studies from Bradford University School of Management, United Kingdom and a Master of Business Administration degree from the University of Wales, United Kingdom. Mr. Mak is a Member of the Hong Kong Securities Institute, a Member of The Chartered Institute of Marketing and an Associate of The Institute of Chartered Secretaries and Administrators.

Mr. Zhang Chao Liang, aged 40, graduated from the University of Shenzhen in International Trade Finance. He was previously the Head of Sales in China National Machinery Import and Export Corporation (Shenzhen) responsible for sales and marketing and strategic planning.

Mr. Wang Hon Chen, aged 48, is the general manager of the Changchun Yicheng and he has over 21 years of experience in the production field. Mr. Wang is responsible for overseeing the operations of Changchun Yicheng Packaging Company Limited, including product development, production process and technical and safety management. He is a member of the People's Congress in Luyuan District, Changchun City, Jilin Province, People's Republic of China.

Independent Non-executive Directors

Mr. Kwok Chi Shing, aged 46, is currently the partner of Lam, Kwok, Kwan & Cheng CPA Limited. He graduated from the University of Aberdeen, United Kingdom in 1986 with a Master of Arts Honour Degree in Accountancy with Economics. Mr. Kwok is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok has extensive experience in corporate and financial management work especially for the real estate development and property management industries. He has extensive experience in public sector work both in Hong Kong and China and he was the president of the Hong Kong Association of Financial Advisors.

Mr. Tsang Wai Sum, aged 48, he graduated from the University of London with a bachelor degree in Laws and RMIT University with a Master Degree of Finance. He is a practicing solicitor in Hong Kong and is a partner of Tsang & Wong. He has been admitted as a solicitor in England and Wales and has been admitted as a barrister and solicitor in the Supreme Court of Victoria, Australia.

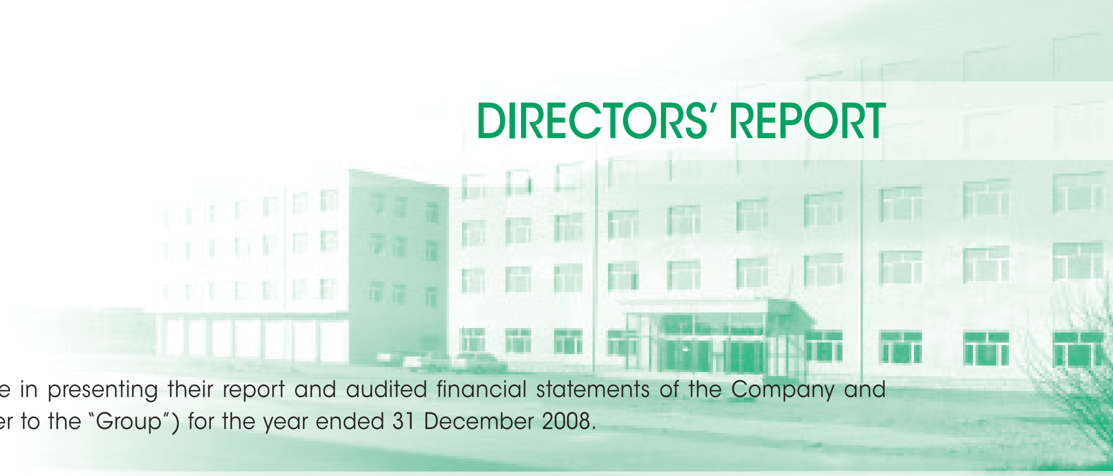
Mr. Yu Yang, aged 42, he graduated from the University of Nanjing with a bachelor degree in International Commercial Business. He is currently the chairman of Nanjing Pesishing Technology Company Limited and has over 24 year's experience in Commodity trading business.

Senior Management

Mr. Fan Xi Lu, aged 44, is the director of Inner Mongolia Jinyuanli Underground Mining Company Limited. He graduated from Jilin Architecture Technical College and has over 21 years of coal trading experience.

Mr. Chen Guan Li, aged 55, is the deputy general manager of Inner Mongolia Jinyuanli Underground Mining Company Limited. He has over 35 years of mining and mine management experience in the Jilin province. He was the Director of various mining bureau. Before joining the Group, he was the Party Committee Secretary of Jilin Coal Technology Centre.

Mr. Wong Choi Chak, aged 44, is the financial controller and company secretary of the Company. Mr. Wong has worked for various listed companies for over 15 years. Mr. Wong is primarily responsible for the Group's financial projection, finance control and accounting of the Group. Mr. Wong holds a bachelor's degree in Accounting from the University of Lincoln, England. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.



The Directors have pleasure in presenting their report and audited financial statements of the Company and its subsidiaries (collectively refer to the "Group") for the year ended 31 December 2008.

Principal activities and geographical analysis of operations

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 37 to the financial statements.

Details of the segment information are set out in Note 8 to the financial statements.

Results and financial position

The Group's results for the year ended 31 December 2008 are set out in the consolidated income statement on page 26.

The state of the Group's affairs as at 31 December 2008 is set out in the consolidated balance sheet on page 27.

Bonus issue of shares

The Board also recommends the issue of bonus shares on the basis of one bonus share for every five existing shares held by shareholders registered as such on the register of members on 25 May 2009. The bonus issue is subject to the conditions and trading arrangements set out in the circular despatched together with this Annual Report.

Share capital

Details of the movements in share capital are set out in Note 28 to the financial statements.

Reserves

The movements in reserves during the year are set out in Note 31 to the financial statements.

Sufficiency of public float

Based on the information available to the Company and to the best knowledge of the Directors at least 25% of the Company's total issued share capital were held by the public as at the date of this report.

Dividend

The Directors recommend the payment of a final dividend of HK3.8 cents per share (2007: Nil cent) amounting to approximately HK$16,095,000 for the year ended 31 December 2008 (2007: HK$Nil).

Property, plant and equipment

Details of the movements in property, plant and equipment are set out in Note 17 to the financial statements.

DIRECTORS' REPORT

Donation

Charitable and other donations made by the Group during the year amounted to HK$280,000 (2007: HK$Nil).

Directors

The Directors who held office during the year and to the date of this report were:

Executive Directors

Mr. Mak Shiu Chung, Godfrey
Mr. Zhang Chao Liang
Mr. Wang Hon Chen

Independent Non-Executive Directors

Mr. Kwok Chi Shing
Mr. Tsang Wai Sum
Mr. Yu Yang

In accordance with article 87(1) of the Articles of Association of the Company, Mr. Mak Shiu Chung, Godfrey, Mr. Wang Hon Chen and Mr. Kwok Chi Shing will retire from office by rotation at the forthcoming annual general meeting and, both being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence. The Company considers that each of its independent non-executive Directors are independent pursuant to the criteria set out in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 6 and 7.

Directors' service contracts

Neither Mr. Mak Shiu Ching, Godfrey, Mr. Zhang Chao Liang nor Mr. Wang Hon Chen has entered into any service contract with the Company since their appointment as an executive Director of the Company. Each of them has signed a director's appointment letter with no fixed term of appointment as an executive Director.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations

As at 31 December 2008, the interests and short positions of each Director and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the laws of Hong Kong) (the "SFO"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(I) Interests in shares of the Company (Note 1)

	Number of ordinary shares					
Name	Personal interests (Note 2)	Corporate interests	Family interests	Other interests	Total	Percentage of issued share capital
Mr. Mak Shiu Chung, Godfrey	–	58,132,000 (L) (Note 3)	–	–	58,132,000(L)	13.72%

Notes:

1. As defined in Section 311 of the SFO, a reference to interests in shares comprised in the relevant share capital of a listed corporation includes a reference to interests in shares so comprised, which are the underlying shares of equity derivatives.

2. These interests are the same interests as those described in Section (II) below.

3. These shares are beneficially owned by Lucky Team International Limited ("Lucky Team"), a company incorporated in the British Virgin Islands. By virtue of his 100% shareholding in Lucky Team, Mr. Mak Shiu Chung, Godfrey is deemed or taken to be interested in the 58,132,000 shares owned by Lucky Team.

4. The letter "L" denotes a long position in the Shares.

(II) Interests in equity derivatives (as defined in the SFO) in, or in respect of, underlying shares

Save as mentioned in Note 2 above, at 31 December 2008, none of the Directors and Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 have taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were required to be notified to the Company and the Stock Exchange.

Share option scheme

The Company's existing share option scheme (the "Scheme") was adopted at the annual general meeting held on 25 April 2003. A summary of the principal terms of the Scheme is set out in the circular of the Company dated 31 March 2003.

Under the Scheme, the Directors may, at their discretion, offer options to Participants (as defined in the circular of the Company dated 31 March 2003) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

As at the extraordinary general meeting held on 26 August 2006, a resolution was passed to grant options under the Scheme to subscribe for up to 29,376,000 Shares, representing 10% of the then issue share capital of the Company. No share options under the Scheme were granted during the year.

As at the year end date, there is no outstanding share option which is exercisable under the Scheme.

As at the Latest Practicable Date, there is no movement or outstanding share option to be exercised under the Scheme.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

Directors' and Chief Executive's rights to acquire shares or debt securities

Save as disclosed under the section headed "Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations", as at 31 December 2008, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and Chief Executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and Chief Executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

Substantial shareholders

Other than interests disclosed in the section headed "Directors and Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations" above, as at 31 December 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO disclosed the following persons or corporations (other than the directors or Chief Executive of the Company) as having an interest of 5% or more of the issued share capital of the Company.

Name	Capacity/ Nature of interest	Number of Shares (Note 3)	Percentage of issued share capital
Lucky Team International Limited ("Lucky Team")	Beneficial Owner	58,132,000 (L) (Note 1)	13.72%
Xu Bin	Beneficial Owner and Interest of Spouse	50,960,000 (L) (Note 4)	12.03%
Shao Ze Yun	Beneficial Owner and Interest of Spouse	50,960,000 (L) (Note 5)	12.03%
Li Gui Yan	Beneficial Owner	35,100,000 (L) (Note 2)	8.29%

Notes:

1. Lucky Team is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Mak Shiu Chung, Godfrey, the Chairman and an executive Director of the Company.

2. To the best knowledge of the Directors, Mr. Li Gui Yan is a third party independent of and not connected with the Directors, chief executive, substantial shareholders or management shareholders of the Company or any associate of any of them.

3. The letter "L" denotes a long position in the Shares.

4. Mr. Xu Bin is beneficially interested in 48,960,000 shares and is deemed to be interested in 2,000,000 shares by virtue of being a spouse of Ms. Shao Ze Yun.

5. Ms. Shao Ze Yun is beneficially interested in 2,000,000 shares and is deemed to be interested in 48,960,000 shares by virtue of being a spouse of Mr. Xu Bin.

Save as disclosed above, as at 31 December 2008, the Directors are not aware of any other persons who have interests and/or short positions in the shares, underlying shares and debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Connected transaction and continuing connected transactions

During the year ended 31 December 2008, the Group had the following continuing connected transactions, details of which have been disclosed in compliance with the requirements in accordance with Chapter 20 of the GEM Listing Rules:

(a) On 1 June 2007, Yuan Yuan entered into an agreement with 內蒙古金源里井工礦業有限責任公司 (Inner Mongolia Jinyanli Underground Mining Company Limited*) (the "First JV Company") for the purchase by the First JV Company from Yuan Yuan of coal required by the First JV Company and the lease by the First JV Company from Yuan Yuan of a station platform for the transportation of coal for the period from 6 August 2007 to 31 December 2009 (the "Underground Coal Supply Agreement"). Yuan Yuan is a connected person of the Company as it is a joint venture partner of the First JV Company, which is held as to 43.8% by Yuan Yuan and 56.2% by a wholly-owned subsidiary of the Company. Accordingly, transactions under the Underground Coal Supply Agreement constitute continuing connected transaction for the Company under the GEM Listing Rules.

Although the annual cap of the lease of a station platform under the Underground Coal Supply Agreement for the year ended 31 December 2008 was RMB5,000,000 (approximately HK$5,600,000), as the underground coal mine was under construction, the actual lease amount of a station platform to the First JV Company during the year ended 31 December 2008 was nil.

(b) On 1 June 2007, Yuan Yuan entered into an agreement with 通遼弘源煤炭運銷有限責任公司 (Tongliao Hongyuan Coal Transportation and Sales Company Limited*) (the "Second JV Company") for the purchase by the Second JV Company from Yuan Yuan of coal required by the Second JV Company and the lease by the Second JV Company from Yuan Yuan of a station platform for the transportation of coal for the period from 6 August 2007 to 31 December 2009 (the "Open-Pit Coal Supply Agreement"). Yuan Yuan is a connected person of the Company as it is a joint venture partner of the Second JV Company, which is held as to 49% by Yuan Yuan and 51% by a wholly-owned subsidiary of the Company. Accordingly, transactions under the Open-Pit Coal Supply Agreement constitute continuing connected transaction of the Company under the GEM Listing Rules.

As the Second JV Company could not obtain an appropriate coal trading business license from the relevant PRC government authority of Tongliao City, the incorporation of the Second JV Company was not completed and the Open-Pit Coal Supply Agreement was subsequently terminated. The annual cap of the coal supplied under the Open-Pit Coal Supply Agreement was RMB76,000,000 (approximately HK$77,550,400) and the actual amount of coal supplied to the Second JV Company for the year ended 31 December 2008 was nil.

(c) After discussion with Yuan Yuan, the Group agreed to acquire 51% equity interest in De Feng, which has the relevant coal trading business licence and De Feng would substitute the Second JV Company to carry out transactions under substantially the same terms as the Open-Pit Coal Supply Agreement. On 24 April 2008, Kotan Resources (China) Limited (高達資源(中國)有限公司), an indirect wholly-owned subsidiary of the Company (as purchaser) entered into an equity transfer agreement (the "Equity Transfer Agreement") with Yuan Yuan (as vendor) in relation to the acquisition of 51% equity interest in De Feng at a total consideration of RMB2,550,000 (approximately HK$2,967,000). In view of Yuan Yuan's connected relationship with the Second JV Company, the transaction under the Equity Transfer Agreement constituted a connected transaction of the Company under the GEM Listing Rules. The completion of the acquisition of De Feng took place at the end of August 2008.

(d) Due to a misunderstanding, the Company was under the impression that De Feng has automatically substituted the Second JV Company under the Open-Pit Coal Supply Agreement and that the previously approved annual caps would apply. The transactions between Yuan Yuan and De Feng for the supply of coal for the period from 1 September 2008 to 30 November 2008 in the amount of RMB12,735,832 (approximately HK$14,473,000) have exceeded the threshold under Rule 20.34(2) of the GEM Listing Rules and was not reported and announced by the Company or approved by the independent shareholders of the Company. By an extraordinary general meeting held on 8 January 2009, the independent shareholders of the Company ratified the supply of coal by Yuan Yuan to De Feng for the period from 1 September 2008 to 31 December 2008. The actual supply of coal by Yuan Yuan to De Feng during the period from 1 September 2008 to 31 December 2008 was RMB18,738,000 (approximately HK$20,987,000).

Although the omission constitutes a breach of the GEM Listing Rules, it was wholly unintentional on the Company's part. As soon as the issue has been identified, the Company has taken immediate steps to investigate the matter, sought legal advice and notified the Stock Exchange.

The Directors consider the omission, which was inadvertent, to be an isolated event and the Company has tightened its compliance system in order to prevent a repetition of a similar incident in the future.

The Directors have reviewed the continuing connected transactions of the Group and have confirmed that such continuing connected transactions were entered into on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Convertible securities, options, warrants or other similar rights

Apart from the share options, details of which are set out above in the section headed "Share option scheme", the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 31 December 2008. There had been no exercise of convertible securities, options, warrants or other similar rights during the year ended 31 December 2008.

Major customers and suppliers

Information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the years ended 31 December 2008 and 2007 are as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2008	2007	2008	2007
The largest customer	20%	23%		
Five largest customers in aggregate	65%	76%		
The largest supplier			19%	30%
Five largest suppliers in aggregate			58%	71%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the major customers and suppliers noted above.

Competing interests

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had any interest in business which competes or may compete with the business of the Group.

Distributable reserves

As at 31 December 2008, the Company had reserves available for distribution, calculated in accordance with the provisions of the Cayman Islands Companies Law, amounting to approximately HK$226,775,000. In addition, the share premium account of the Company of approximately HK$307,239,000 as at 31 December 2008 is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

Pre-emptive rights

No pre-emptive rights exist under the laws in the Cayman Islands, being the jurisdiction in which the Company is incorporated.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

Compliance with the GEM Listing Rules

Throughout the year ended 31 December 2008, the Company has complied with the GEM Listing Rules except (i) the non-compliance disclosed under the section headed "Connected Transaction and Continuing Connected Transactions"; and (ii) the independent non-executive Directors have not been appointed for a specific term. The independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company.

Audit committee

The Company established an audit committee on 16 August 2001, comprising the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang. The written terms of reference of the audit committee comply with the GEM Listing Rules. The primary duties of the audit committee of the Company are to review the Company's annual report and financial statements, half-year report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee of the Board will also be responsible for supervising and reviewing the financial reporting process and internal control system of the Group.

The audit committee of the Company held four meetings during the year. The audit committee has reviewed the annual results for the year ended 31 December 2008.

Auditor

The financial statements have been audited by, RSM Nelson Wheeler who retire and, being eligible, have offered themselves for re-appointment at the forthcoming annual general meeting.

Corporate governance

A report of the principal corporate governance practices adopted by the Company is set out on pages 20 to 23 of the annual report.

By order of the Board

Mak Shiu Chung, Godfrey
Chairman

4 March 2009, Hong Kong

CORPORATE GOVERNANCE REPORT

Introduction

Subject to the deviations as disclosed in this report, the Company has complied with all the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules by establishing a formal and transparent procedures to protect and maximize the interests of shareholders during the period under review.

Directors' securities transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2008.

Board of Directors and Board Meeting

The board of Directors, which currently comprises six Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the board of Directors to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the Profiles of Directors and senior management. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Mr. Mak Shiu Chung, Godfrey is the chairman of the Board and an executive Director and Mr. Zhang Chao Liang, is the chief executive officer of the Company.

During the year ended 31 December 2008, the Company had three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the shareholders. Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang are the independent non-executive Directors. The appointment of Mr. Kwok Chi Shing and Mr. Tsang Wai Sum is not for a fixed term and is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association, provided that the appointment may be terminated by the Company or Mr. Kwok Chi Shing and Mr. Tsang Wai Sum with a written notice of not less than one month unless both parties agree otherwise.

Mr. Yu has been appointed as an independent non-executive director for an initial fixed term of two years commencing from 5 September 2007. The appointment of Mr. Yu will continue after expiry of the said initial fixed term provided that either the Company or Mr. Yu may terminate the letter of appointment by giving at least three months' prior written notice to the other, whether during the said initial fixed or thereafter.

During the year ended 31 December 2008, the Board held a full board meeting for each quarter.

Details of the attendance of the Board are as follows:

Directors	Attendance
Mr. Mak Shiu Chung, Godfrey	4/4
Mr. Zhang Chao Liang	4/4
Mr. Wang Hon Chen	4/4
Mr. Kwok Chi Shing	4/4
Mr. Tsang Wai Sum	4/4
Mr. Yu Yang	4/4

Apart from the above regular board meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

Remuneration of Directors

The remuneration committee was established in September 2005. The chairman of the committee is Mr. Tsang Wai Sum, an independent non-executive Director, and other members include Mr. Mak Shiu Chung, Godfrey and Mr. Yu Yang, the majority being independent non-executive Directors.

The role and function of the remuneration committee included the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and the making of recommendations of the remuneration of non-executive Directors to the board. The remuneration committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions and desirability of performance-based remuneration.

During the period under review, a meeting of the remuneration committee was held on 20 May 2008. Details of the attendance of the remuneration committee meeting are as follows:

Members	Attendance
Mr. Mak Shiu Chung, Godfrey	1/1
Mr. Tsang Wai Sum	1/1
Mr. Yu Yang	1/1

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors. The remuneration committee of the Company considers that the existing terms of employment contracts of the executive Directors and appointment letters of the independent non-executive Directors are fair and reasonable.

Nomination of Directors

The nomination committee was established in September 2005. The chairman of the committee is Mr. Tsang Wai Sum, and other members include Mr. Mak Shiu Chung, Godfrey and Mr. Yu Yang, the majority being independent non-executive Directors.

The role and function of the nomination committee included selection and recommendation of Directors for appointment and removal.

The nomination committee would consider the past performance, qualification and general market conditions in selecting and recommending candidates for directorship during the year under review.

During the period under review, a meeting of the nomination committee was held on 1 December 2008 for nomination of Directors. Details of the attendance of the meeting are as follows:

Members	Attendance
Mr. Mak Shiu Chung, Godfrey	1/1
Mr. Tsang Wai Sum	1/1
Mr. Yu Yang	1/1

During the meeting, the board of Directors recommended that all the existing Directors be retained by the Company. Further, in accordance with the Company's Articles of Association Mr. Mak Shiu Chung, Godfrey, Mr. Wang Hon Chen and Mr. Kwok Chi Shing will retire, and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Auditor's remuneration

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Group is required to pay an aggregate of approximately HK$688,000 to the external auditor for their services including audit, due diligence and other advisory services.

Audit committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. During the year ended 31 December 2008, the audit committee comprises three members, Mr. Kwok Chi Shing, and Mr. Tsang Wai Sum and Mr. Yu Yang. All of them are independent non-executive Directors. The chairman of the audit committee is Mr. Kwok Chi Shing.

The audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	Attendance
Mr. Kwok Chi Shing	4/4
Mr. Tsang Wai Sum	4/4
Mr. Yu Yang	4/4

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2008 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

Directors' and auditors responsibilities for financial statements

The Directors' responsibilities for the financial statements and the responsibilities of the external auditor to the shareholders are set out on page 24.

Internal control

The Company has conducted a review of its system of internal control periodically to ensure the effective and adequate internal control system. The Company convened meeting periodically to discuss financial, operational and risk management control.

Investors relations

The Company has disclosed all necessary information to the shareholders in compliance with the GEM Listing Rules. Meetings are held with media and investors periodically. The Company also replied enquires from shareholders timely. The Directors host annual general meeting each year to meet with the shareholders and answer their enquiries.

RSM! Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
DETEAM COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of DeTeam Company Limited (the "Company") set out on pages 26 to 66, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

4 March 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations			
Turnover	6	364,150	198,244
Cost of sales		(272,438)	(157,195)
Gross profit		91,712	41,049
Other income	7	4,827	4,115
Income from excess of fair value over cost of acquisition of a subsidiary	32(a)	414	–
Selling and distribution expenses		(6,490)	–
Administrative expenses		(21,935)	(12,108)
Other operating expenses		(242)	(1,742)
Profit from operations		68,286	31,314
Finance costs	9	(344)	(579)
Profit before tax		67,942	30,735
Income tax (expense)/credit	10	(14,109)	1,381
Profit for the year from continuing operations		53,833	32,116
Discontinued operation			
Profit for the year from discontinued operation	11	–	3,141
Profit for the year	12	53,833	35,257
Attributable to:			
Equity holders of the Company		50,956	36,073
Minority interests		2,877	(816)
		53,833	35,257
Earnings per share			
From continuing and discontinued operations			
– Basic	16(a)	12.03 cents	10.04 cents
– Diluted	16(a)	N/A	N/A
From continuing operations			
– Basic	16(b)	12.03 cents	9.16 cents
– Diluted	16(b)	N/A	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	17	159,318	89,796
Prepaid land lease payments	18	2,802	358
Intangible asset	19	76,365	24,873
Investment in an associate	20	–	–
		238,485	115,027
Current assets			
Inventories	21	42,222	24,475
Prepaid land lease payments	18	76	123
Trade receivables	22	82,140	9,369
Deposits, prepayments and other receivables	23	25,687	23,802
Restricted bank deposit	24	4,546	–
Bank and cash balances	24	142,241	201,517
		296,912	259,286
Current liabilities			
Trade payables	25	13,293	4,506
Accrued charges and other payables		17,537	8,771
Bank loan	26	7,947	–
Current tax liabilities		5,775	–
		44,552	13,277
Net current assets		252,360	246,009
Total assets less current liabilities		490,845	361,036
Non-current liabilities			
Deferred tax liabilities	27	2,863	–
NET ASSETS		487,982	361,036
Capital and reserves			
Share capital	28	42,355	42,355
Other reserves	31	321,671	311,681
Retained profits/(accumulated losses)		17,845	(17,016)
Proposed final dividend	15	16,095	–
Equity attributable to equity holders of the Company		397,966	337,020
Minority interests		90,016	24,016
TOTAL EQUITY		487,982	361,036

Approved by the Board of Directors on 4 March 2009.

Mak Shiu Chung, Godfrey
Director

Zhang Chao Liang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

		Attributable to equity holders of the Company						
	Note	Share capital HK$'000	Other reserves HK$'000	Retained profits/ (accumulated losses) HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 January 2007		29,606	44,654	(53,089)	-	21,171	-	21,171
Currency translation differences		-	5,483	-	-	5,483	637	6,120
Share issue expenses		-	(8,230)	-	-	(8,230)	-	(8,230)
Net expense recognised directly in equity		-	(2,747)	-	-	(2,747)	637	(2,110)
Profit/(loss) for the year		-	-	36,073	-	36,073	(816)	35,257
Total recognised income and expense for the year		-	(2,747)	36,073	-	33,326	(179)	33,147
Issue of shares	28(a)	12,749	269,552	-	-	282,301	-	282,301
Disposals of subsidiaries		-	222	-	-	222	-	222
Capital contribution from a minority shareholder		-	-	-	-	-	24,195	24,195
Balance at 31 December 2007		42,355	311,681	(17,016)	-	337,020	24,016	361,036
Balance at 1 January 2008		42,355	311,681	(17,016)	-	337,020	24,016	361,036
Currency translation differences		-	9,990	-	-	9,990	2,394	12,384
Profit for the year		-	-	50,956	-	50,956	2,877	53,833
Total recognised income and expense for the year		-	9,990	50,956	-	60,946	5,271	66,217
Business combination	32(a)	-	-	-	-	-	3,248	3,248
Capital contribution from a minority shareholder		-	-	-	-	-	57,481	57,481
2008 proposed final dividend		-	-	(16,095)	16,095	-	-	-
Balance at 31 December 2008		42,355	321,671	17,845	16,095	397,966	90,016	487,982

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
Continuing operations		67,942	30,735
Discontinued operation	11	–	(1,670)
		67,942	29,065
Adjustments for:			
Interest income		(3,427)	(4,117)
Reversal of provision for warranty		–	(547)
Waiver of amount due to a director		–	(94)
Income from excess of fair value over cost of acquisition of a subsidiary		(414)	–
Reversal of impairment on loan receivable from an associate		(1,400)	–
Finance costs		344	579
Depreciation and amortisation		5,586	4,396
Loss on disposals of property, plant and equipment		86	25
Write off of property, plant and equipment		156	1,717
Operating profit before working capital changes		68,873	31,024
Increase in inventories		(17,747)	(6,975)
Decrease in amounts due from customers for contract works		–	1,223
Increase in trade receivables		(63,647)	(7,998)
Decrease/(increase) in deposits, prepayments and other receivables		7,107	(19,834)
Increase in restricted bank deposit		(4,546)	–
Increase/(decrease) in trade payables		5,227	(6,660)
(Decrease)/increase in accrued charges and other payables		(5,214)	2,810
Net cash used in operations		(9,947)	(6,410)
Income tax paid		(5,625)	–
Interest paid		(344)	(579)
Net cash used in operating activities		(15,916)	(6,989)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(69,173)	(65,493)
Proceeds from disposals of property, plant and equipment		397	174
Purchase of intangible asset		(49,248)	(24,204)
Loan settlement received from an associate		1,400	–
Net cash inflow arising on acquisition of a subsidiary	32(a)	501	–
Net cash outflow arising on disposals of subsidiaries	32(b)	–	(1,205)
Capital contribution from a minority shareholder		57,481	24,195
Interest received		3,706	3,819
Net cash used in investing activities		(54,936)	(62,714)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loan raised		7,947	–
Repayment of bank loan		–	(7,000)
Repayment of other loans		–	(4,875)
Net proceeds from issue of shares		–	274,071
Net cash generated from financing activities		7,947	262,196
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(62,905)	192,493
CASH AND CASH EQUIVALENTS AT 1 JANUARY		201,517	7,828
Exchange differences		3,629	1,196
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		142,241	201,517
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		142,241	201,517

1. General information

The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is Suite no. 3, 31st floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing and sale of plastic woven bags, paper bags and plastic barrels and sale of coal.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

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

3. Significant accounting policies

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. Significant accounting policies (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and equity holders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

3. Significant accounting policies (Continued)

(b) Business combination and goodwill (Continued)

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. Significant accounting policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. Significant accounting policies (Continued)

(e) Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	5%
Plant and machinery	10% – 33%
Leasehold improvements	Over lease term
Furniture, fixtures and equipment	19% – 20%
Motor vehicles	13% – 25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Construction in progress represents buildings and mining structure under construction and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease team.

(g) Intangible asset

Mining right is measured initially at purchase cost and is amortised at a units-of-production method over the estimated volume of coal that is entitled to the Group.

3. Significant accounting policies (Continued)

(h) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

- the post-tax profit or loss of the discontinued operation; and

- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

3. Significant accounting policies (Continued)

(k) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(l) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

3. Significant accounting policies (Continued)

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of manufactured goods and trading of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. Significant accounting policies (Continued)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies (Continued)

(t) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. Significant accounting policies (Continued)

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, intangible asset, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

(w) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and other intangible assets other than inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. Significant accounting policies (Continued)

(w) Impairment of assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Critical judgements and key estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

(a) Legal titles of certain buildings

As stated in note 17 to the financial statements, the legal titles of the newly constructed buildings were not yet obtained as at 31 December 2008. Despite the fact that the Group has not obtained the relevant legal titles, the directors determine to recognise those buildings as property, plant and equipment, on the grounds that they expect the legal titles being obtained in future should have no major difficulties and the Group is in substance controlling those buildings.

4. Critical judgements and key estimates (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of intangible asset not yet available for use

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating unit to which the intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of intangible asset at the balance sheet date was HK$76,365,000 (Note 19).

5. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balances and trade and other receivables included in the balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on trade receivables and bank and cash balances is limited because the counterparties are customers with good repayment history and banks with high credit-ratings assigned by international credit-rating agencies.

5. Financial risk management (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(d) Interest rate risk

The Group's significant bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. Turnover

The Group's turnover which represents sales of bags and barrels to customers, sales of coal and revenue from transportation technology solution contracts are as follows:

	2008 HK$'000	2007 HK$'000
Sales of bags and barrels	304,015	195,476
Sales of coal	60,135	2,768
Revenue from transportation technology solution contracts	–	903
	364,150	199,147
Representing:		
Continuing operations	364,150	198,244
Discontinued operation (Note 11)	–	903
	364,150	199,147

7. Other income

	2008 HK$'000	2007 HK$'000
Interest income	3,427	4,117
Reversal of impairment on loan receivable from an associate	1,400	–
Reversal of provision for warranty	–	547
Waiver of amount due to a director	–	94
Sundry income	–	2
	4,827	4,760
Representing:		
Continuing operations	4,827	4,115
Discontinued operation (Note 11)	–	645
	4,827	4,760

8. Segment information

(a) Primary reporting format – business segments

The Group is organised into three main business segments:

Bags	–	Manufacturing and sale of plastic woven bags, paper bags and plastic barrels;
Coal	–	Trading and distribution of coal; and
Transportation technology solutions	–	Provision of transportation technology solutions

(b) Secondary reporting format – geographical segments

No geographical segment information is presented as the Group's revenue and assets are substantially derived from customers and operations based in the People's Republic of China (the "PRC") and accordingly, no further analysis of the Group's geographical segments is disclosed.

8. Segment information (Continued)

Primary reporting format – business segments

	Continuing operations			Discontinued operation	
	Bags HK$'000	Coal HK$'000	Sub-total HK$'000	Transportation technology solutions HK$'000	Total HK$'000
Year ended 31 December 2008					
Revenue	304,015	60,135	364,150	–	364,150
Segment results	60,358	11,228	71,586	–	71,586
Other income			5,241	–	5,241
Unallocated expenses			(8,541)	–	(8,541)
Profit from operations			68,286	–	68,286
Finance costs			(344)	–	(344)
Profit before tax			67,942	–	67,942
At 31 December 2008					
Segment assets	171,147	191,708	362,855	–	362,855
Unallocated assets					172,542
Total assets					535,397
Segment liabilities	2,990	10,303	13,293	–	13,293
Unallocated liabilities					34,122
Total liabilities					47,415
Other segment information:					
Capital expenditure	14,052	104,369	118,421	–	118,421
Unallocated amounts					–
					118,421
Depreciation	4,968	485	5,453	–	5,453
Unallocated amounts					121
					5,574
Amortisation of prepaid land lease payments	12	–	12	–	12
Loss on disposals of property, plant and equipment	40	46	86	–	86
Write off of property, plant and equipment	156	–	156	–	156

8. Segment information (Continued)

Primary reporting format – business segments (Continued)

	Continuing operations			Discontinued operation	
	Bags HK$'000	Coal HK$'000	Sub-total HK$'000	Transportation technology solutions HK$'000	Total HK$'000
Year ended 31 December 2007					
Revenue	195,476	2,768	198,244	903	199,147
Segment results	33,700	(1,006)	32,694	(490)	32,204
Other income			4,115	645	4,760
Unallocated expenses			(5,495)	(1,825)	(7,320)
Profit/(loss) from operations			31,314	(1,670)	29,644
Finance costs			(579)	–	(579)
Profit/(loss) before tax			30,735	(1,670)	29,065
At 31 December 2007					
Segment assets	111,928	36,877	148,805	–	148,805
Unallocated assets					225,508
Total assets					374,313
Segment liabilities	4,506	–	4,506	–	4,506
Unallocated liabilities					8,771
Total liabilities					13,277
Other segment information:					
Capital expenditure	53,648	35,768	89,416	31	89,447
Unallocated amounts					250
					89,697
Depreciation	4,115	32	4,147	71	4,218
Unallocated amounts					60
					4,278
Amortisation of prepaid land lease payments	118	–	118	–	118
Loss on disposals of property, plant and equipment	25	–	25	–	25
Write off of property, plant and equipment	1,717	–	1,717	–	1,717

9. Finance costs

	2008 HK$'000	2007 HK$'000
Interest on bank loan	344	416
Interest on other loan wholly repayable within 5 years	–	163
	344	579
Representing:		
Continuing operations	344	579

10. Income tax expense/(credit)

	2008 HK$'000	2007 HK$'000
Current tax – Overseas		
Provision for the year	11,246	–
Overprovision in prior year	–	(1,381)
	11,246	(1,381)
Deferred tax (Note 27)	2,863	–
	14,109	(1,381)
Representing:		
Continuing operations	14,109	(1,381)

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the year ended 31 December 2008 (2007: HK$Nil).

The subsidiary, Changchun Yicheng Packaging Company Limited ("Changchun Yicheng"), operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprise（中華人民共和國外商投資企業和外國企業所得税法）(the "PRC Income Tax Law"). Changchun Yicheng is located in Hexin Town of High-New Development Zone, Changchun（長春市高新技術開發區合心高科技園）. Pursuant to a notice issued by Changchun Green District State Tax Bureau (長春綠園國家税務局), Changchun Yicheng is exempted from enterprise income tax from 1 May 2006 to 31 December 2007, followed by a 50% reduction for the next three years.

The subsidiary, Inner Mongolia Jinyuanli Underground Mining Company Limited ("Inner Mongolia Jinyuanli"), operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law. No provision for enterprise income tax has been made as it has no assessable profit for the year.

The subsidiary, Jilin Province De Feng Commodity Economics and Trade Co., Limited ("Jilin De Feng") operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law.

10. Income tax expense/(credit) (Continued)

(b) The reconciliation between income tax expense/(credit) and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	2008 HK$'000	2007 HK$'000
Profit/(loss) before tax		
Continuing operations	67,942	30,735
Discontinued operation (Note 11)	–	(1,670)
	67,942	29,065
Tax at the PRC enterprise income tax rate of 25% (2007: 33%)	16,986	9,591
Expenses not deductive for tax purposes	1,458	1,114
Income tax exempted	(7,503)	(10,835)
Income not taxable	(1,341)	(967)
Tax effect of temporary differences not recognised	1,533	966
Overprovision in prior years	–	(1,381)
Effect of different tax rates	113	131
Deferred tax on undistributed earnings of the PRC subsidiaries	2,863	–
Income tax expense/(credit)	14,109	(1,381)

The Group's taxable profits originate principally from the PRC and therefore the PRC enterprise income tax rate is used in presenting the reconciliation.

11. Discontinued operation

Pursuant to an agreement dated 30 November 2007 entered into between the Company and an independent third party (the "Purchaser"), the Company disposed of the entire issued capital of Angels Intelligent Transportation Systems Company Limited ("AIT").

AIT held 100% interest in Angels Engineering Technology Limited ("AET"), a limited company incorporated in Hong Kong, and 100% interest in Beijing Angels Communications Technology Co., Ltd. ("Beijing Angels"), a wholly-foreign owned enterprise in the PRC. AET was dormant and Beijing Angels was engaged in the provision of transportation technology solutions during the year 2007. The disposal was completed on 30 November 2007 and the Group discontinued its transportation technology solutions business.

The profit for the year from the discontinued operation is analysed as follows:

	2007 HK$'000
Loss of discontinued operation	(1,670)
Gain on disposal of discontinued operation (Note 32(b))	4,811
	3,141

The results of the discontinued operation for the period from 1 January 2007 to 30 November 2007, which have been included in the consolidated income statement, are as follows:

	Period from 1 January 2007 to 30 November 2007 HK$'000
Revenue	903
Cost of services	(735)
Gross profit	168
Other income	645
Distribution costs	(658)
Administrative expenses	(1,825)
Loss before tax	(1,670)
Income tax expense	–
Loss for the period	(1,670)

During the year ended 31 December 2007, the disposed subsidiaries received HK$1,221,000 in respect of operating activities and paid approximately HK$29,000 in respect of investing activities.

No tax charge or credit arose on gain on disposal of the discontinued operation.

12. Profit for the year

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

	Continuing operations		Discontinued operation		Total	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Auditor's remuneration	688	620	–	–	688	620
Cost of inventories sold	272,438	157,195	–	–	272,438	157,195
Depreciation of property, plant and equipment	5,574	4,207	–	71	5,574	4,278
Operating lease rentals in respect of land and buildings	662	607	–	809	662	1,416
Loss on disposals of property, plant and equipment	86	25	–	–	86	25
Write off of property, plant and equipment	156	1,717	–	–	156	1,717

Cost of inventories sold includes staff costs and depreciation of approximately HK$11,502,000 (2007: HK$9,000,000) which are included in the amounts disclosed separately.

13. Staff costs (including directors' emoluments)

	2008 HK$'000	2007 HK$'000
Wages and salaries	10,995	7,517
Retirement benefits scheme contributions	4,077	1,988
	15,072	9,505

14. Directors' and employees' emoluments

(a) Directors' emoluments

The emoluments of each director were as follows:

Name of director	Fees HK$'000	Salaries HK$'000	Inducement fees HK$'000	Retirement benefit scheme contributions HK$'000	Compensation for loss of office as director HK$'000	Total HK$'000
Mr. Mak Shiu Chung, Godfrey	–	910	–	12	–	922
Mr. Zhang Chao Liang	5	–	–	–	–	5
Mr. Wang Hon Chen	144	81	–	–	–	225
Mr. Kwok Chi Shing	65	–	–	–	–	65
Mr. Tsang Wai Sum	60	–	–	–	–	60
Mr. Yu Yang	5	–	–	–	–	5
Total for 2008	279	991	–	12	–	1,282

Name of director	Fees HK$'000	Salaries HK$'000	Inducement fees HK$'000	Retirement benefit scheme contributions HK$'000	Compensation for loss of office as director HK$'000	Total HK$'000
Mr. Mak Shiu Chung, Godfrey	90	210	–	3	–	303
Mr. Zhang Chao Liang	5	–	–	–	–	5
Mr. Wang Hon Chen (a)	–	62	–	5	–	67
Mr. Yan, Daniel X.D. (c)	–	56	–	–	–	56
Mr. Kwok Chi Shing	60	–	–	–	–	60
Mr. Tsang Wai Sum	19	–	–	–	–	19
Mr. Yu Yang (b)	2	–	–	–	–	2
Mr. Yang Xiaoping (d)	–	–	–	–	–	–
Total for 2007	176	328	–	8	–	512

14. Directors' and employees' emoluments (Continued)

(a) Directors' emoluments (Continued)

Notes:

(a) Appointed on 1 March 2007.

(b) Appointed on 5 September 2007.

(c) Resigned on 15 November 2007.

(d) Resigned on 20 November 2007.

During the year 2007, Mr. Yan, Daniel X.D. waived emoluments of HK$342,000. Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any emoluments during the year 2008.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2007: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2007: one) individuals are set out below:

	2008 HK$'000	2007 HK$'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	924	450
Retirement benefit schemes contributions	45	12
	969	462

The emoluments of these three (2007: one) highest paid individuals are less than HK$1,000,000.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. Dividend

	2008 HK$'000	2007 HK$'000
Final dividend proposed of HK3.8 cents (2007: Nil cent) per share	16,095	–

A final dividend in respect of the year 2008 of HK3.8 cents per share, totalling approximately HK$16,095,000 are proposed by the Board. The dividends are subject to approval by shareholders at the forthcoming annual general meeting ("AGM") and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

The directors did not recommend the payment of a dividend for the year 2007.

16. Earnings per share

(a) From continuing and discontinued operations

Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately HK$50,956,000 (2007: HK$36,073,000) and the weighted average number of ordinary shares of 423,552,000 (2007: 359,441,000) in issue during the year.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the years ended 31 December 2007 and 2008.

(b) From continuing operations

Basic earnings per share

The calculation of basic earnings per share from continuing operations attributable to equity holders of the Company is based on the profit for the year from continuing operations attributable to equity holders of the Company of approximately HK$50,956,000 (2007: HK$32,932,000) and the denominators used are the same as that detailed above for basic earnings per share.

Diluted earning per share

No diluted earnings per share are presented as that detailed above for the diluted earnings per share.

(c) From discontinued operation

Basic earnings per share from the discontinued operation is 0.87 cent per share for the year ended 31 December 2007, based on the profit for the year from discontinued operation attributable to the equity holders of the Company of approximately HK$3,141,000 and the denominators used are the same as those detailed above for basic earnings per share.

No diluted earnings per share are presented as that detailed above for the diluted earnings per share.

17. Property, plant and equipment

	Buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2007	12,484	14,449	175	1,325	2,200	–	30,633
Additions	–	2,222	211	233	1,034	61,793	65,493
Disposals/write off	(1,848)	(31)	–	–	(346)	–	(2,225)
Disposals of subsidiaries	–	–	(187)	(1,439)	(1,749)	–	(3,375)
Exchange differences	771	1,069	14	87	182	2,527	4,650
At 31 December 2007	11,407	17,709	213	206	1,321	64,320	95,176
At 1 January 2008	11,407	17,709	213	206	1,321	64,320	95,176
Additions	–	5,413	297	584	5,363	57,516	69,173
Acquisition of a subsidiary	–	–	–	37	–	–	37
Disposals/write off	(176)	–	–	(13)	(560)	–	(749)
Transfer	64,626	–	–	–	–	(64,626)	–
Exchange differences	1,599	1,194	7	14	149	3,971	6,934
At 31 December 2008	77,456	24,316	517	828	6,273	61,181	170,571
Accumulated depreciation and impairment							
At 1 January 2007	234	948	137	1,031	1,755	–	4,105
Charge for the year	711	3,208	69	68	222	–	4,278
Disposals/write off	(146)	(20)	–	–	(143)	–	(309)
Disposals of subsidiaries	–	–	(165)	(1,152)	(1,812)	–	(3,129)
Exchange differences	39	194	10	69	123	–	435
At 31 December 2007	838	4,330	51	16	145	–	5,380
At 1 January 2008	838	4,330	51	16	145	–	5,380
Charge for the year	2,366	2,263	111	72	762	–	5,574
Disposals/write off	(20)	–	–	(2)	(88)	–	(110)
Exchange differences	85	304	–	1	19	–	409
At 31 December 2008	3,269	6,897	162	87	838	–	11,253
Carrying amount							
At 31 December 2008	74,187	17,419	355	741	5,435	61,181	159,318
At 31 December 2007	10,569	13,379	162	190	1,176	64,320	89,796

At 31 December 2008, the carrying amount of plant and machinery pledged as securities for the Group's bank loan amounted to HK$6,327,000 (2007: HK$Nil).

At 31 December 2008, the carrying amount of the newly constructed buildings amounted to HK$59,910,000 (2007: HK$Nil) for which relevant legal titles have not yet been obtained. At the date of approval of these consolidated financial statements, the application for obtaining the aforesaid legal titles is still in progress.

18. Prepaid land lease payments

	2008 HK$'000	2007 HK$'000
At 1 January	481	566
Additions	2,347	–
Amortisation of prepaid land lease payments	(12)	(118)
Exchange differences	62	33
At 31 December	2,878	481
Current portion	(76)	(123)
Non-current portion	2,802	358

The Group's prepaid land lease payments represent payments for land use rights outside Hong Kong under medium term leases.

19. Intangible asset

	Mining right HK$'000
Cost	
At 1 January 2007	–
Additions	24,204
Exchange differences	669
At 31 December 2007 and 1 January 2008	24,873
Additions	49,248
Exchange differences	2,244
At 31 December 2008	76,365
Accumulated amortisation	
At 1 January 2007, 31 December 2007 and 31 December 2008	–
Carrying amount	
At 31 December 2008	76,365
At 31 December 2007	24,873

The mining right represents the purchase cost of the exclusive right for certain volume of underground coal at Inner Mongolia Mine 958 (the "Mine").

As at the balance sheet date, the mining of the Mine has not yet commenced and no amortisation was charged to the consolidated income statement for the years ended 31 December 2007 and 2008.

20. Investment in an associate

	2008 HK$'000	2007 HK$'000
Unlisted investment in Hong Kong		
Share of net liabilities	(4,740)	(4,740)
Loan receivable (Note (b))	6,088	7,488
	1,348	2,748
Less: Impairment losses	(1,348)	(2,748)
	–	–

(a) Details of the Group's associate at 31 December 2008 are as follows:

Name	Place of incorporation and operation	Issued and paid up capital	Principal activities	Directly held interest
CTIA VSAT Network Limited ("CTIA")	Hong Kong	5,000,000 ordinary shares of HK$1.0 each	Investment holding	40%

Summarised financial information in respect of the Group's associate is set out below:

	2008 HK$'000	2007 HK$'000
At 31 December		
Total assets	1,204	9,570
Total liabilities	(15,300)	(25,017)
Net liabilities	(14,096)	(15,447)
Year ended 31 December		
Revenue	8,942	10,488
Profit/(loss) for the year	5,808	(1,502)

(b) Loan receivable from an associate is unsecured, interest free and due for repayment on demand.

During the year 2008, the associate repaid HK$1,400,000 to the Group and the previously charged impairment loss of the same amount was reversed accordingly.

21. Inventories

	2008 HK$'000	2007 HK$'000
Raw materials	12,159	9,318
Work in progress	15,001	3,337
Finished goods	15,062	11,820
	42,222	24,475

22. Trade receivables

The general credit terms of sales of bags and barrels are 30 days and sales of coal are 60 days.

The ageing analysis of trade receivables is as follows:

	2008 HK$'000	2007 HK$'000
Current to 90 days	82,140	9,369

As of 31 December 2008, trade receivables of approximately HK$8,518,000 (2007: HK$Nil) were past due but not impaired. These relate to a number of independent customers that have good track record with the Group. The aforesaid past due balances were subsequently settled. The ageing analysis of these trade receivables is as follows:

	2008 HK$'000	2007 HK$'000
Up to 90 days	8,518	–

23. Deposits, prepayments and other receivables

At 31 December 2008, included in deposits, prepayments and other receivables is a loan to a supplier/sub-contractor of approximately HK$5,677,000. The aforesaid loan is unsecured with interest at 7% per annum and is repayable on 31 October 2009.

24. Restricted bank deposit and bank and cash balances

The Group's restricted bank deposit is the deposit kept for the coal mining business, which is required by related coal mining regulation in the PRC. The aforesaid deposit is in Renminbi ("RMB") and at market interest rate.

At 31 December 2008, the Group's bank and cash balances denominated in RMB and kept in the PRC amounted to HK$60,609,000 (2007: HK$13,155,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. Trade payables

The ageing analysis of trade payables is as follows:

	2008 HK$'000	2007 HK$'000
Current to 90 days	12,835	3,382
91 to 180 days	442	1,105
181 to 270 days	–	–
271 to 360 days	16	–
Over 360 days	–	19
	13,293	4,506

26. Bank loan

The carrying amount of the Group's bank loan for 2008 is denominated in RMB.

The bank loan is arranged at fixed interest rate and expose the Group to fair value interest rate risk. The effective interest rate of the bank loan for the year ended 31 December 2008 is 8.217% per annum.

The bank loan is secured by the Group's plant and machinery (Note 17) and corporate guarantee issued by a customer, and repayable on 27 May 2009.

27. Deferred tax

The movement of deferred tax liabilities is as follows:

	Undistributed earnings of the PRC subsidiaries HK$'000
At 1 January and 31 December 2007	–
Charge to the consolidated income statement for the year (Note 10)	2,863
At 31 December 2008	2,863

28. Share capital

		Authorised Ordinary shares of HK$0.10 each No. of shares	HK$'000
At 31 December 2007 and 2008		1,200,000,000	120,000

	Note	Issued and fully paid Ordinary shares of HK$0.10 each No. of shares	HK$'000
At 1 January 2007		296,060,000	29,606
Issue of shares on placement	(a)	127,492,000	12,749
At 31 December 2007 and 2008		423,552,000	42,355

(a) On 15 May 2007, Lucky Team International Limited ("Lucky Team"), the substantial shareholder of the Company entered into a placing agreement with a third party in respect of the placing of 56,900,000 ordinary shares of HK$0.1 each to investors at a price of HK$1.5 per share. On the same day, the Company entered into a subscription agreement with Lucky Team in respect of the subscription of 56,900,000 ordinary shares of HK$0.1 each at a price of HK$1.5 per share. The placing and subscription was completed on 28 May 2007. The premium on the issue of shares, amounting to approximately HK$79,660,000, net of share issue expenses of HK$2,467,000 was credited to the Company's share premium account.

On 23 July 2007, Lucky Team entered into a placing agreement in respect of the placing of 56,900,000 ordinary share of HK$0.1 each to investors at price of HK$2.79 per share. On the same day, the Company entered into a subscription agreement with Lucky Team in respect of the subscription of 56,900,000 ordinary shares of HK$0.1 each at HK$2.79 per share. In addition, the Company agreed to issue 13,692,000 new shares of HK$0.1 each by placement under general mandate at the same price. The placing and subscription was completed on 2 August 2007. The premium on the issue of shares, amounting to approximately HK$189,892,000, net of share issue expenses of HK$5,763,000 was credited to the Company's share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars quarterly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

29. Share options

Equity-settled share option scheme

The Company's share option scheme (the "Scheme") was adopted at AGM on 25 April 2003. A summary of the principal terms of the Scheme is set out in the circular of the Company dated 31 March 2003.

Under the Scheme, the directors may, at their discretion, offer options to Participants (as defined in the circular of the Company dated 31 March 2003) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

Details of the share options outstanding during the year are as follows:

	2008		2007	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Beginning of the year	–	–	33,288,000	0.80
Granted	–	–	–	–
Exercised	–	–	–	–
Lapsed	–	–	(22,200,000)	0.72
Cancelled	–	–	(11,088,000)	0.96
End of the year	–	–	–	–

30. Balance sheet of the Company

	2008 HK$'000	2007 HK$'000
Interests in subsidiaries	236,190	168,518
Investment in an associate	–	–
Other current assets	37,826	111,264
Other liabilities	(969)	(616)
NET ASSETS	273,047	279,166
Share capital	42,355	42,355
Reserves	230,692	236,811
TOTAL EQUITY	273,047	279,166

31. Other reserves

	Note	Share premium HK$'000	Capital reserve HK$'000	Foreign currency translation reserve HK$'000	Total HK$'000
At 1 January 2007		45,917	(1,628)	365	44,654
Issue of shares	28(a)	269,552	–	–	269,552
Share issue expenses	28(a)	(8,230)	–	–	(8,230)
Currency translation differences		–	–	5,483	5,483
Disposals of subsidiaries		–	–	222	222
At 31 December 2007		307,239	(1,628)	6,070	311,681
At 1 January 2008		307,239	(1,628)	6,070	311,681
Currency translation differences		–	–	9,990	9,990
At 31 December 2008		307,239	(1,628)	16,060	321,671

Nature and purpose of reserves

(i) Share premium account

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(d)(iii) to the financial statements.

32. Notes to the consolidated cash flows statement

(a) Acquisition of a subsidiary

On 31 August 2008, the Group acquired 51% of the equity interest of Jilin De Feng for a cash consideration of approximately HK$2,967,000. Jilin De Feng was engaged in trading of coal during the year.

The fair value of the identifiable assets and liabilities of Jilin De Feng acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	37
Trade receivables	9,124
Deposits, prepayments and other receivables	11,618
Bank and cash balances	3,468
Trade and other payables	(17,540)
Current tax liabilities	(78)
	6,629
Minority interest	(3,248)
Excess of fair value over cost of acquisition of a subsidiary	(414)
Satisfied by:	
Cash	2,967
Net cash inflow arising on acquisition:	
Cash consideration paid	(2,967)
Cash and cash equivalents acquired	3,468
	501

Jilin De Feng contributed approximately HK$51,661,000 to the Group's turnover and approximately HK$13,308,000 to the Group's profit before tax, for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2008, total Group turnover for the year would have been approximately HK$381,942,000, and profit for the year would have been approximately HK$52,118,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is intended to be a projection of future results.

32. Notes to the consolidated cash flows statement (Continued)

(b) Disposals of subsidiaries

As referred to in Note 11 to the financial statements, on 30 November 2007 the Group discontinued its transportation technology solutions business at the time of the disposal of its subsidiaries, AIT, AET and Beijing Angels.

Net liabilities at the date of disposals were as follows:

	2007 HK$'000
Property, plant and equipment	246
Available-for-sales financial assets	927
Trade receivables	1,044
Deposits, prepayments and other receivables	2,072
Bank and cash balances	1,505
Trade payables	(5,269)
Provision for warranty	(129)
Accrued charges and other payables	(5,129)
Net liabilities disposed of	(4,733)
Release of foreign currency translation reserve	222
Gain on disposals of subsidiaries (Note 11)	4,811
Total consideration – satisfied by cash	300
Net cash outflow arising on disposals:	
Cash consideration received	300
Cash and cash equivalents disposed of	(1,505)
	(1,205)

33. Capital commitments

At 31 December 2008, the Group had capital commitments as follows:

	2008 HK$'000	2007 HK$'000
Mining structure (Note)		
Contracted but not provided for	6,713	14,998
Plant and equipment		
Contracted but not provided for	–	1,607

Note: Certain construction contracts of mining structure are at cost plus basis and the capital commitments of the aforesaid contracts cannot be reliably measured. At 31 December 2008, the directors estimated the Group's total capital commitments other than disclosed above was approximately HK$133.7 million based on the budget for construction of the mining structure.

34. Operating lease commitments

At 31 December 2008, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	2008 HK$'000	2007 HK$'000
Not later than one year	–	546
Later than one year but not later than five years	–	–
	–	546

35. Related party transactions

Apart from the transactions and balances disclosed elsewhere in the financial statements, the Group had no other material transactions with related parties during the year.

36. Events after the balance sheet date

Proposed bonus issue of shares

On 4 March 2009, the directors recommended a bonus issue of shares to the shareholders of the Company on the basis of one bonus share for every five shares of the Company being held. The bonus issue of shares are subject to approval by the shareholders at the forthcoming AGM to be held on 6 May 2009. The bonus shares will rank pari passu in all respect with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

37. Principal subsidiaries

Name	Place of incorporation/ registration and operation	Paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Changchun Yicheng	The PRC	RMB60,000,000	100%	Manufacturing and sale of plastic woven bags, paper bags and plastic barrels
Inner Mongolia Jinyuanli	The PRC	USD23,680,000	56.2%	Coal mining*
Jilin De Feng	The PRC	RMB20,000,000	51%	Coal trading

* As at 31 December 2008, the coal mining structure was still under construction and the coal mining has not yet commenced.

38. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 4 March 2009.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of DeTeam Company Limited (the "Company") will be held at Suite No. 3, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong on Wednesday, 6 May 2009 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the reports of the directors and auditors for the year ended 31 December 2008;

2. To approve the final dividend:

3. To re-elect the retiring directors and to fix the remuneration of directors;

4. To re-appoint auditors and authorise the board of directors to fix their remuneration; and

5. By way of special business, to consider and, if thought fit, pass with or without modifications the following resolution as an ordinary resolution of the Company:

   "**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company to be allotted and issued by the Company pursuant to this resolution:

   (a) the sum of not less than HK$8,471,040, being part of the Company's share premium account, be capitalized and accordingly such sum be applied in paying up in full at par of not less than 84,710,400 shares of HK$0.10 each in the capital of the Company, such shares to be allotted and issued and distributed (subject to paragraph (c) below) credited as fully paid among the persons (the "allottees") whose names appear on the register of members of the Company at the close of business on Monday, 25 May 2009 and whose addresses as shown in such register are in Hong Kong or whose addresses as shown in such register are outside Hong Kong if the Directors, based on legal opinions, do not consider it necessary or expedient to exclude any such shareholders of the Company on account either of the legal restrictions under the laws of the place of its registered address or the requirements of the relevant regulatory body or stock exchange in that place, on the basis of one share for every five existing shares of the Company held (fractional entitlements to be disregarded) and share certificates to such allottees in respect thereof be issued as soon as practicable thereafter;

   (b) such shares of the Company when issued, shall, subject to the Memorandum of Association and Articles of Association of the Company, rank pari passu in all other respects with the existing issued shares in the capital of the Company but shall not rank for the recommended final dividend or any bonus issue in respect of the financial year ended 31 December 2008;

   (c) no fractional shares shall be allotted and distributed and the fractional entitlements shall be aggregated and disposed of or otherwise dealt with for the benefit of the Company; and

   (d) the Directors be authorized to do all acts and things as the Directors in their absolute discretion may deem necessary or expedient in relation to such bonus issue of shares in the capital of the Company."

6. By way of special business, to consider and if thought fit, pass with or without modifications, the following resolutions as an ordinary resolution:

   A. "**THAT**:

   (a) Subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot or issue shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or issued or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) the exercise of rights of subscription or conversion under the terms of any warrants or convertible bonds issued by the Company or any securities which are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution and the said approval shall be limited accordingly; and

   (d) for the purpose of this Resolution:

   "Relevant Period" means the period from the date of passing this Resolution until whichever is the earliest of:

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held; or

   (iii) the passing of an ordinary resolution by the members of the Company in general meeting revoking or varying the authority given to the directors of the Company under this Resolution.

   "Rights Issue" means an offer of shares in the Company, or offer or issue of warrant, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of shares as at that date (subject to such exclusion or other."

B. "**THAT**:

(a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to paragraph (b) below, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

(c) for the purpose of this Resolution, "Relevant Period" shall have the same meaning as assigned to it under Ordinary Resolution 6A of this notice."

C. "**THAT**: conditional upon Resolutions 6A and 6B above being passed, the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in Resolution 6B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Resolution 6A, provided that the amount of share capital repurchased by the Company shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of this Resolution."

By order of the Board of
DeTeam Company Limited
Mak Shiu Chung, Godfrey
Chairman

Hong Kong, 23 March 2009

Notes:

1. A member holding two or more shares who is entitled to attend and a vote of the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of such power or authority must be deposited with the Company's principal office at Suite No. 3, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong. not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.

3. A form of proxy for the meeting will be enclosed with the annual report.

4. If two or more persons are joint holders of a share of the Company, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For the purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. In relation to proposed Resolution 6A, 6B and 6C above, approval is being sought from the members for the grant to the directors of the Company of a general mandate to authorize the issue and repurchase of shares pursuant to the Rule Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The explanatory statement required by GEM Listing Rules in connection with the repurchase mandate is contained in a circular of the Company dated 23 March 2009 which will be dispatched to members together with the annual report.

6. Mr. Mak Shiu Chung, Godfrey, Mr. Wang Hon Chen and Mr. Kwok Chi Shing will retire at the Annual General Meeting and all of the above directors, being eligible, will offer themselves for re-election. Brief biographical details of the above directors are set out in Appendix II to the circular of the Company dated 23 March 2009.

As at the date hereof, the board of directors of the Company comprises:

Executive Directors:
Mr. Mak Shiu Chung, Godfrey
Mr. Zhang Chao Liang
Mr. Wang Hon Chen

Independent Non-executive Directors:
Mr. Kwok Chi Shing
Mr. Tsang Wai Sum
Mr. Yu Yang