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DETEAM COMPANY LIMITED

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 65)

HALF YEARLY ANNOUNCEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board (the “Board”) of directors (the “Directors”) of DeTeam Company Limited (the “Company”) is pleased to present the unaudited interim condensed consolidated financial statements (“Interim Accounts”) of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 as follows. The Interim Accounts have not been reviewed by the Company’s auditors but they have been reviewed by the audit committee of the Company.

***For identification only**

HIGHLIGHTS FOR THE HALF YEARLY PERIOD

- Turnover of the Group for the six months ended 30 June 2011 was approximately HK\$266,965,000 representing an increase of 85% over the corresponding period in 2010.
- The Group recorded a profit attributable to equity holders of approximately HK\$10,306,000 for the six months ended 30 June 2011.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011(2010: HK0.5cent per share).

RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June, 2011, together with the unaudited comparative figures for the corresponding periods in 2010 are as follows:

Condensed Consolidated Income Statement – unaudited

		Six months ended 30 June	
		2011	2010
	Notes	HK\$'000	HK\$'000
Turnover	3	266,965	144,617
Cost of sales		(212,032)	(113,512)
Gross profit		54,933	31,105
Other income		96	353
Selling and distribution expenses		(5,873)	(696)
Administrative expenses		(26,537)	(20,628)
Profit from operations		22,619	10,134
Finance Costs		(4,381)	(1,265)
Profit before tax		18,238	8,869
Income tax expense	5	(7,009)	(4,838)
Profit for the period	4	11,229	4,031
Profit attributable to:			
Owners of the Company		10,306	8,398
Non-controlling interests		923	(4,367)
Profit for the period		11,229	4,031
Earnings per share	7		
-Basic		1.69 cents	1.38 cents
-Diluted		N/A	N/A

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	11,229	4,031
Other comprehensive income:		
Exchange difference arising on translating foreign operations	(999)	(695)
Total comprehensive income for the period	<u>10,230</u>	<u>3,336</u>
Attributable to:		
Owners of the Company	8,431	8,238
Non-controlling interests	<u>1,799</u>	<u>(4,902)</u>
	<u>10,230</u>	<u>3,336</u>

Condensed Consolidated Statement of Financial Position

		As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	8	475,040	464,983
Prepaid land lease payments		2,779	2,810
Intangible asset		90,436	91,360
Deferred tax assets		10,163	10,163
		<u>578,418</u>	<u>569,316</u>
Current assets			
Inventories		54,790	60,798
Prepaid land lease payments		80	80
Trade receivables	9	122,293	82,112
Deposits, prepayments and other receivables		133,368	107,583
Pledged and restricted bank deposit		39,718	43,381
Bank and cash balances		31,919	57,234
		<u>382,168</u>	<u>351,188</u>
Current Liabilities			
Trade payables	10	6,126	3,475
Accrued charges and other payables		178,642	147,720
Dividend payable		3,659	-
Advance from a non-controlling shareholder		37,811	37,811
Borrowings	11	106,410	88,262
Current tax liabilities		3,772	2,552
		<u>336,420</u>	<u>279,820</u>
Net Current Assets		<u>45,748</u>	<u>71,368</u>
Total assets less current liabilities		<u>624,166</u>	<u>640,684</u>
Non-current liabilities			
Borrowings	11	-	24,036
Deferred tax liabilities		8,316	7,520
		<u>8,316</u>	<u>31,556</u>
NET ASSETS		<u>615,850</u>	<u>609,128</u>

		As at 30 June 2011 <i>HK\$'000</i> (Unaudited)	As at 31 December 2010 <i>HK\$'000</i> (Audited)
	Notes		
Capital and reserve			
Share capital	12	60,991	60,991
Other reserves		318,744	320,619
Retained profits		65,501	55,195
Proposed final dividend		-	3,659
Equity attributable to owners of the company		<u>445,236</u>	<u>440,464</u>
Non-controlling interests		<u>170,614</u>	<u>168,664</u>
TOTAL EQUITY		<u>615,850</u>	<u>609,128</u>

Condensed Consolidated Cash Flow Statement – unaudited

	Six months ended	
	30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	(23,303)	32,848
Net cash inflow/(outflow) from investing activities	(19,546)	(69,096)
Net cash inflow/(outflow) before financing activities	(42,849)	(36,248)
Net cash inflow from financing activities	14,492	12,819
Increase/(Decrease) in cash and cash equivalents	(28,357)	(23,429)
Cash and cash equivalents at 1 January 2011	57,234	57,855
Cash and cash equivalents at 30 June 2011	28,877	34,426
Analysis of balances of cash and cash equivalents:		
Bank and cash balances	31,919	34,426
Bank overdraft	(3,042)	-
	28,877	34,426

Condensed Consolidated statement of changes in equity - unaudited

Movements in the share capital and reserves of the Group were as follows:

	Share Capital	Share premium	Capital reserve	Foreign Currency Translation reserve	Retained Profit	Proposed Dividend	Attributable to owners of the Company	Non- Controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	60,991	288,603	(1,628)	33,644	55,195	3,659	440,464	168,664	609,128
Total comprehensive income for the period	-	-	-	(1,875)	10,306	-	8,431	1,799	10,230
Capital contribution from a minority shareholder	-	-	-	-	-	-	-	151	151
Final Dividend	-	-	-	-	-	(3,659)	(3,659)	-	(3,659)
At 30 June 2011	60,991	288,603	(1,628)	31,769	65,501	-	445,236	170,614	615,850

Condensed Consolidated statement of changes in equity - unaudited

Movements in the share capital and reserves of the Group were as follows:

	Share Capital	Share premium	Capital reserve	Foreign Currency Translation reserve	Retained Profit	Proposed Dividend	Attributable to owners of the Company	Non- Controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	50,826	298,768	(1,628)	16,295	40,358	9,657	414,276	141,510	555,786
Total comprehensive income for the period	-	-	-	(160)	8,398	-	8,238	(4,902)	3,336
Capital contribution from a minority shareholder	-	-	-	-	-	-	-	27,272	27,272
Dividend Paid	-	-	-	-	-	(9,657)	(9,657)	-	(9,657)
At 30 June 2010	50,826	298,768	(1,628)	16,135	48,756	-	412,857	163,880	576,737

1. Basis of preparation and Accounting Policies

The condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 16 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2011 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 December 2010 except for the following amendments and interpretations (“New HKFRSs”) issued by HKICPA which are or have become effective.

The Group has adopted the standards, amendment and interpretations that have been issued and effective for the accounting periods beginning on or after 1 January 2011. The adoption of such standard, amendment, and interpretations did not have material effect on those results.

2. Segment Information

The Group has dividend into two operating segments, namely plastic woven bags and coal trading. These segments are managed separately as each business offers different products and services.

As at the period ended 30 June 2011	Bags	Coal	Total
	HK\$'000	HK\$'000	HK\$'000
REVENUE			
Results	145,248	121,717	266,965
Segment results	18,806	3,472	22,278
Unallocated corporate revenue			-
Unallocated corporate expense			(3,785)
Operation profit excluding interest			
income/expenses			18,493
Interest income			5
Interest expenses			(260)
Profit before taxation			18,238

As 30 June 2011			
Segment Assets	323,358	737,350	1,060,708
Segment Liabilities	77,654	356,504	434,158

As at the period ended 30 June 2010	Bags HK\$'000	Coal HK\$'000	Total HK\$'000
REVENUE			
Results	111,658	32,959	144,617
Segment results	22,006	(9,393)	12,613
Unallocated corporate revenue			-
Unallocated corporate expense			(3,088)
Operation profit excluding interest income/expenses			9,525
Interest income			18
Interest expenses			(674)
Profit before taxation			8,869
As 30 June 2010			
Segment Assets	258,619	543,637	802,256
Segment Liabilities	32,759	138,619	171,378

3. Turnover

The Group's turnover which represents sales of plastic woven bags and sales of coal are as follows:-

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Sales of plastic woven bags	145,248	111,657
Sales of coal	121,717	32,960
	<u>266,965</u>	<u>144,617</u>

No geographical segment information is presented as substantially all the Group's turnover and contribution to operating results were derived from the PRC and substantially all customers and assets are located in the PRC.

4. Profit for the Period

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

	Six months ended	
	30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	<u>212,032</u>	<u>113,512</u>
Depreciation of property, plant and equipment	<u>13,457</u>	<u>4,818</u>
Operating lease rentals in respect of land and buildings	<u>388</u>	<u>388</u>

5. Income tax expense

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the six months ended 30 June 2011.

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稅法) (the "PRC Income Tax Law").

The subsidiary, Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited ("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 six months ended 30 June 2011.

The subsidiary, Jilin Province De Feng Commodity Economics and Trade Co., Limited ("Jilin DeFeng") 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.

6. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011. (2010:HK0.5cent per share)

7. Earnings per share

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 six months ended 30 June 2011 attributable to equity shareholders of the Company of HK\$10,306,000 respectively (Profit attributable to the equity shareholders for the corresponding period in 2010: HK\$8,398,000) and the weighted average number of ordinary shares of 609,914,880 (2010: 609,914,880) in issue during the period.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the period ended 30 June 2011 and 30 June 2010.

8. Property, plant and equipment

During the six months ended 30 June 2011, the Group had additions to buildings, plant and equipment, and construction in progress of approximately HK\$23,838,000 (2010: HK\$69,430,000).

9. Trade receivables

As at 30 June 2011, the aging analysis of trade receivables were as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Current to 90 days	105,637	56,698
91 to 180 days	12,897	1,333
181 to 270 days	3,759	24,081
271 to 360 days	-	-
Over 360 days	-	-
	<u>122,293</u>	<u>82,112</u>

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

10. Trade payables

As at 30 June 2011, the aging analysis of trade payables were as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Current to 90 days	6,121	3,454
91 to 180 days	-	16
181 to 270 days	-	-
271 to 360 days	-	-
Over 360 days	5	5
	<u>6,126</u>	<u>3,475</u>

11. Borrowings

The analysis of the carrying amount of the Groups borrowings is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Current liabilities		
Bank overdrafts	3,042	2,866
Portion of bank loans due for repayment within one year	89,176	81,596
Portion of bank loan due for repayment after one year which contain a repayment on demand clause	1,900	3,800
Loan from a related company	<u>12,292</u>	<u>-</u>
	106,410	88,262
Non-current liabilities		
Other loan	-	12,095
Loan from a related company	-	11,941
	<u>-</u>	<u>24,036</u>
	<u>106,410</u>	<u>112,298</u>

Loan from a related company is unsecured, interest bearing at 6% per annum and repayable on 31 March 2012. The Company is related to the extent that Mr. Zhang Chao Liang, executive director of the Company, has control over the related company.

12. Share capital

	Authorised	
	Ordinary shares of HK\$ 0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
As at 31 December 2010 and 30 June 2011	<u>1,200,000,000</u>	<u>120,000</u>
	Issued and fully paid	
	Ordinary shares of HK\$ 0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
As at 31 December 2010 and 30 June 2011	<u>609,914,880</u>	<u>60,991</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in production and sales of plastic woven bags and barrels and sales of coal in the PRC.

FINANCIAL REVIEW AND BUSINESS REVIEW

The Group recorded a turnover of approximately HK\$266,965,000 for the six months ended 30 June 2011 representing an increase of approximately 85% as compared with the corresponding period in 2010. A net profit of approximately HK\$10,306,000 for the six months ended 30 June, 2011, as compared with a net profit of approximately HK\$8,398,000 for the six months ended 30 June 2010, representing an increase of 23% as compared with the corresponding period in 2010. The result of coal business as reflected in the segmental information included loss in sales of Jinyuanli of approximately HK\$1.39 million and profit from distribution of coal by DeFeng in the PRC of approximately HK\$4.86 million.

For the six months ended 30 June 2011, Changchun Yicheng's tax benefit was expired and increasing raw material costs affected the overall profit margin. A segment profit of approximately HK\$18,806,000 for the six months ended 30 June, 2011 as compared with a segment profit of approximately HK\$22,006,000 for the six month ended 30 June 2010 was recorded, representing a decrease of 14.5% as compared with the corresponding period in 2010.

During the period, Jinyuanli was under the overall examination and acceptance stage and had passed all the examination. The formal approval license is underway and is expected to be issued before the end of this year.

In this period, Jinyuanli had a segment loss of HK\$1.39 million for the six months ended 30 June, 2011 as compared with a segment loss of approximately HK\$12.7 million for the six months ended 30 June 2010, representing a sharp decrease of HK\$11.3 million as compared with the

corresponding period in 2010. The total output of Jinyuanli in this period was 360,913 tons as compared with 45,971 tons of the corresponding period in 2010 and the total sales of coal of 356,793 tons in this period as compared with 20,000 tons of the corresponding period in 2010.

During the period, excavation of section 8101 of the eighth layer of the underground coal mine had been finished. Excavation machinery and equipment would be moved to section 8102 to continue mining for another half a year. Excavation of the tenth layer of the underground coal mine is expected to commence in 2012.

In this period, De Feng continued sourcing coal from independent coal supplier apart from Yuen Yuen. In order to meet the funding requirement for coal trading business, De Feng had applied for a short term bank loan of RMB24,800,000 which was secured by De Feng's account receivables to increase the working capital for purchasing coal.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011 the Group's gearing ratio was 0.23 which is based on the division of total debts by Total Equity and the Group's liquidity ratio was 1.14.

The Group's sales and purchases are mainly transacted in Renminbi and the books are recorded in Hong Kong dollars. Since the exchange rate fluctuation between Hong Kong dollars and Renminbi has not been material, foreign exchange risk is very low and no hedging has been undertaken.

As at 30 June 2011, the Group did not have any material contingent liability and capital commitments (2010: HK\$27,707,000)

EMPLOYEES

The Group employed 1,136 full time employees as at 30 June 2011. Remuneration of the staff comprised monthly salaries, provident fund contributions, medical benefits, training programs and housing allowances.

CAPITAL STRUCTURE AND MATERIAL ACQUISITION

During the six months ended 30 June 2011, the short term bank loan of RMB24,800,000 is secured by Defeng's account receivables. Changchun Yicheng has a loan facility of RMB60,000,000 which is secured by the Company's corporate guarantee, pledged bank deposit and the Group's buildings in Changchun. As at the end of the period, the Group has already drawn down RMB47,351,000 for working capital purpose. The bank overdraft of approximately HK\$3,042,000 is secured by fixed deposit of HK\$7,000,000 of DeTeam Company Limited and HK\$5,822,000 is secured by the guarantee issued by the Company and the Government of Hong Kong Special Administrative Region. Save as disclosed, the Group did not have any charges on its assets, and there were no changes in the Company's authorized share capital.

PROSPECTS

Changchun Yicheng remains the main source of profit of the group, the group will continue to strictly control costs and keep negotiating with the customers on the pricing of bag in order to catch up and transfer the increment range to the customers.

After a construction period of almost five years, Jinyuanli will be the other main source of income for the group in future. Although the output of production and the quality of coal is less than satisfactory from the eighth layer of the underground coal mine, we expect a significant improvement will be made after the commencement of the excavation of the tenth layer of the underground coal mine.

Due to great demand of electricity in China, the prospects for the coal industry is enormous. The Board will continue to seek out coal investment opportunities with the aim to bring satisfactory reward to the shareholders.

COMPETING INTEREST

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

AUDIT COMMITTEE

The audit committee, which comprises three members, Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang, all of them are independent non-executive directors, the primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the group. The audit committee has reviewed the Group's unaudited Interim Accounts for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

During the six months ended 30 June, 2011, the Company has complied with the requirement of the code provisions set out in the Code on Corporate governance Practices contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Own Code which covers the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct governing the directors' dealings in the Company's securities. Having made specific enquiries with all the Directors, they all confirmed that they have complied with the required standards set out in the Own Code (covering the Model Code) throughout the period under review.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased, sold any of the Company's shares.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at <http://www.irasia.com/listco/hk/deteam/index.htm> The 2011 Interim Report will be available on both websites and dispatched to Shareholders in due course.

By order of the Board
Mak Shiu Chung, Godfrey
Co-Chairman

Hong Kong, 25 August 2011

As at the date of this announcement, the Board comprises Executive Directors, being Mr. Mak Shiu Chung, Godfrey, Mr. Xu Bin, Mr. Zhang Chao Liang, Mr. Wang Hon Chen and Independent Non-Executive Directors Mr. Kwok Chi Shing, Mr. Tsang Wai Sum, Mr. Yu Yang.