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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 REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 2009 together with the comparative figures for the corresponding period in 2008 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 2009 was approximately HK\$174,623,000 representing an increase of 12.6% over the corresponding period in 2008.
- The Group recorded a profit attributable to equity holders of approximately HK\$20,726,000 for the six months ended 30 June 2009.
- The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2009.

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, 2009, together with the unaudited comparative figures for the corresponding periods in 2008 are as follows:

Condensed Consolidated Income Statement – unaudited

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	3	102,713	79,152	174,623	155,111
Cost of sales		(78,487)	(63,931)	(128,848)	(124,775)
Gross profit		24,226	15,221	45,775	30,336
Other income		348	688	471	1,912
Selling and distribution expenses		(1,132)	–	(1,714)	–
Administrative expenses		(9,049)	(4,237)	(14,273)	(7,783)
Profit from operations		14,393	11,672	30,259	24,465
Finance Costs		(1,026)	(46)	(1,236)	(51)
Profit before tax		13,367	11,626	29,023	24,414
Income tax	5	(4,168)	(1,880)	(7,664)	(4,334)
Profit for the period	4	9,199	9,746	21,359	20,080
Profit attributable to:					
Owners of the Company		8,660	10,813	20,726	20,843
Non-controlling interests		539	(1,067)	633	(763)
Profit for the period		9,199	9,746	21,359	20,080
Earnings per share					
– Basic		1.70 cents	2.13 cents	4.08 cents	4.10 cents
– Diluted		N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	9,199	9,746	21,359	20,080
Other comprehensive income:				
Exchange Difference arising on Translation of foreign operations	107	5,324	178	5,387
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	9,306	15,070	21,537	25,467
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Financial Position

		As at 30 June 2009	As at 31 December 2008
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	188,536	159,318
Prepaid land lease payments		2,775	2,802
Intangible asset		88,636	76,365
Interests in an associates	9	–	–
		<hr/> 279,947	<hr/> 238,485
Current assets			
Inventories		32,013	42,222
Prepaid land lease payments		76	76
Trade receivables	10	123,329	82,140
Acceptable Bills		7,955	–
Deposits, prepayments and other receivables		47,849	25,687
Restricted bank deposit		–	4,546
Bank and Cash balances		112,556	142,241
		<hr/> 323,778	<hr/> 296,912
Current Liabilities			
Trade payables	11	4,584	13,293
Accrued charges and other payables		36,887	17,537
Bank loan		34,773	7,947
Current tax liabilities		5,933	5,775
		<hr/> 82,177	<hr/> 44,552
Net Current Asset		<hr/> 241,601	<hr/> 252,360
Total assets less current liabilities		<hr/> 521,548	<hr/> 490,845
EQUITY			
Capital and reserve			
Share capital	12	50,826	42,355
Other reserves		313,377	321,671
Retained profits		38,572	17,845
Proposed final dividend		–	16,095
		<hr/> 402,775	<hr/> 397,966
Equity attributable to equity holders of the Company		402,775	397,966
Non-controlling interests		114,438	90,016
		<hr/> 517,213	<hr/> 487,982
Total equity		<hr/> 517,213	<hr/> 487,982

Condensed Consolidated Statement of Financial Position (continued)

	As at 30 June 2009 HK\$'000 (Unaudited)	As at 31 December 2008 HK\$'000 (Audited)
Non-Current liabilities		
Deferred tax liabilities	<u>4,335</u>	<u>2,863</u>
	<u>4,335</u>	<u>2,863</u>
Total equity and liabilities	<u><u>521,548</u></u>	<u><u>490,845</u></u>

Condensed Consolidated Cash Flow Statement – unaudited

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Net cash inflow/(outflow) from operating activities	(23,528)	(71)
Net cash inflow/(outflow) from investing activities	(32,983)	(12,171)
Net cash inflow/(outflow) before financing activities	(56,511)	(12,242)
Net cash inflow from financing activities	26,826	7,777
Increase/(Decrease) in cash and cash equivalents	(29,685)	(4,465)
Cash and cash equivalents at 1 January 2009	142,241	201,517
Cash and cash equivalents at 30 June 2009	<u><u>112,556</u></u>	<u><u>197,052</u></u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u><u>112,556</u></u>	<u><u>197,052</u></u>

Condensed Consolidated Statement of Changes in Equity – unaudited

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

	Share Capital HK\$'000	Share premium HK\$'000	Foreign Currency		Accumulated Profit HK\$'000	Proposed Dividend HK\$'000	Attributable to owners of the parent HK\$'000	Non- Controlling interests HK\$'000	Total Equity HK\$'000
			Capital reserve HK\$'000	Translation reserve HK\$'000					
At 1 January 2009	42,355	307,239	(1,628)	16,059	17,846	16,095	397,966	90,016	487,982
Profit for the period	-	-	-	-	20,726	-	20,726	633	21,359
Exchange Difference	-	-	-	178	-	-	178	-	178
Total comprehensive income for the period	-	-	-	178	20,726	-	20,904	633	21,537
Capital contribution from a minority shareholder	-	-	-	-	-	-	-	23,789	23,789
Bonus issue share	8,471	(8,471)	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	(16,095)	(16,095)	-	(16,095)
At 30 June 2009	50,826	298,768	(1,628)	16,237	38,572	-	402,775	114,438	517,213

Condensed Consolidated Statement of Changes in Equity – unaudited

	Share Capital	Share premium	Capital reserve	Foreign Currency Translation reserve	Accumulated Profit	Attributable to owners of the parent	Non- Controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	42,355	307,239	(1,628)	6,070	(17,016)	337,020	24,016	361,036
Profit/(Loss) for the Period	-	-	-	-	20,843	20,843	(763)	20,080
Exchange Difference	-	-	-	5,387	-	5,387	-	5,387
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive income for the period	-	-	-	5,387	20,843	26,230	(763)	25,467
Capital contribution from minority shareholder	-	-	-	-	-	-	9,475	9,475
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2008	<u>42,355</u>	<u>307,239</u>	<u>(1,628)</u>	<u>11,457</u>	<u>3,827</u>	<u>363,250</u>	<u>32,728</u>	<u>395,978</u>

Notes:

1. Basis of preparation and Accounting Policies

The condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 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 2009 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 December 2008 except for the following amendments and interpretations ("New HKFRSs") issued by HKICPA which are or have become effective.

In the current year, the Company has applied the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKFRS1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

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

2. Segment Information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operation decision maker in order to allocate resources to the segment and to assess its performance decision. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments are the same of before.

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 2009

	Plastic Woven Bags HK\$'000	Coal HK\$'000	Sub-total HK\$'000
REVENUE			
Results	<u>125,353</u>	<u>49,270</u>	<u>174,623</u>
Segment results	30,499	3,004	33,503
Unallocated corporate revenue			-
Unallocated corporate expense			<u>(4,524)</u>
Operation profit excluding interest income/expenses			28,979
Interest income			44
Interest expenses			-
Profit before taxation			<u><u>29,023</u></u>

As at the period ended 30 June 2008

	Plastic Woven Bags HK\$'000	Coal HK\$'000	Sub-total HK\$'000
REVENUE			
Results	<u>152,467</u>	<u>2,644</u>	<u>155,111</u>
Segment results	26,867	(591)	26,276
Unallocated corporate revenue			-
Unallocated corporate expense			<u>(3,105)</u>
Operation profit excluding interest income/expenses			23,171
Interest income			1,243
Interest expenses			-
Profit before taxation			<u><u>24,414</u></u>

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	
	2009	2008
	HK\$'000	HK\$'000
Sales of plastic woven bags	125,353	152,467
Sales of coal	49,270	2,644
	<u>174,623</u>	<u>155,111</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	
	2009	2008
	HK\$'000	HK\$'000
Auditors remuneration	168	–
Cost of inventories sold	128,848	124,775
Depreciation of property, plant and equipment	3,915	1,913
Operating lease rentals in respect of land and buildings	388	325

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 year ended 30 June 2009(2008: 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稅法 (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 (長春綠園國家稅務局), 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 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 payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

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 and three months ended 30 June 2009 attributable to equity holders of the Company of HK\$20,726,000 and HK\$8,660,000 respectively (Profit attributable to the shareholders for the corresponding period in 2008: HK\$20,843,000 and HK\$10,813,000) and the weighted average number of ordinary shares of 508,262,400 (2008: 508,262,400) 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 2009 and 30 June 2008.

8. Property, plant and equipment

During the six months ended 30 June 2009, the Group had additions to buildings plant and equipment, of approximately HK\$33,133,000 (2008: HK\$14,345,000).

9. Interests in an associated company

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Share of net liabilities	(4,740)	(4,740)
Goodwill on acquisition of an associated company	–	–
Loan receivable	6,088	6,088
	1,348	1,348
Less : Impairment losses	(1,348)	(1,348)
	–	–

10. Trade receivables

As at 30 June 2009, the aging analysis of trade receivables were as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Current to 90 days	88,535	82,140
91 to 180 days	34,794	–
181 to 270 days	–	–
271 to 360 days	–	–
Over 360 days	–	–
	123,329	82,140

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

11. Trade payables

As at 30 June 2009, the aging analysis of trade payables were as follows:

	30 June 2009	31 December 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	2,804	12,835
91 to 180 days	578	442
181 to 270 days	1,136	–
271 to 360 days	2	16
Over 360 days	64	–
	<u>4,584</u>	<u>13,293</u>
	<u>4,584</u>	<u>13,293</u>

12. Share capital

	Authorised Ordinary shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
As at 31 December 2008 and 30 June 2009	1,200,000,000	120,000
	<u>1,200,000,000</u>	<u>120,000</u>
	<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 2008	423,552,000	42,355
Add Bonus issue One for Five	84,710,400	8,471
	<u>508,262,400</u>	<u>50,826</u>
As at 30 June 2009	508,262,400	50,826
	<u>508,262,400</u>	<u>50,826</u>
	<u>508,262,400</u>	<u>50,826</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\$174,623,000 for the six months ended 30 June 2009 representing an increase of approximately 12.6% as compared with the corresponding period in 2008. A net profit of approximately HK\$20,726,000 for the six month ended 30 June 2009 as compared with a net profit of approximately HK\$20,843,000 for the six month ended 30 June 2008, representing a slight decrease as compared with the corresponding period in 2008. 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\$8 million. There was a one-off transfer listing expenses of approximately HK\$2.4 million incurred during the second quarter of 2009. Excluding the impact of this transfer listing expenses, the net profit attributable to equity holders of the Company was approximately HK\$23.1 million, representing an increase of 11% as compared with the same period in 2008.

Changchun Yicheng is still the engine of our source of profit. Although the global financial turmoil have a slight negative impact to our Group's plastic woven bag business, Changchun Yicheng is still able to bring significant earning contribution to the Group. The profit was propelled by the increase in sale of the Group's existing product, Lysine bag and due to the effect of strict cost control.

The excavation of the underground coal mine is in progress and a further capital contribution of approximately HK\$14,600,000 and HK\$23,789,000 (including HK\$12,271,000 mining right and HK\$11,518,000 capital contribution) has been made by our Group and Yuan Yuan respectively during the period.

Jilin De Feng commenced sourcing coal from independent coal supplier. The coal trading business requires huge funding for purchasing coal, in order to meet the enormous demand, Jilin De Feng had applied for a short term bank loan of RMB31,030,000 which is secured by Jilin De Feng's account receivable to increase working capital for purchasing coal.

Liquidity and Financial Resources

As at 30 June 2009 the Group's gearing ratio was 0.01 which is based on the division of long-term liabilities by shareholders' funds and the Group's liquidity ratio was 3.94.

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 2009, the Group did not have any material contingent liability and the Group's capital commitments as at 30 June 2009 was as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Mining structure		
Contracted but not provided for	<u>57,750</u>	<u>3,173</u>

Employees

The Group employed 602 full time employees as at 30 June 2009. 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 2009, the short term bank loan of RMB31,030,000 is secured by Defeng's account receivable and an overdraft facility of HK\$50,000,000 is secured by fixed deposit of HK\$53,000,000 of DeTeam Company Limited. Save as the above, the Group did not have any charges on its assets, and there were no changes in the Company's authorized share capital.

Save as disclosed above, the Group has no material acquisition or disposal of subsidiaries and affiliated companies during the period ended 30 June 2009 and currently it has no plan for material investments or capital assets.

Prospects

The Group successfully transfers the listing from GEM board to Main board of The Stock Exchange on 22 June, 2009. The Directors believe that the listing of the Shares on the Main Board will enhance the profile of the Group and increase the trading liquidity of the Shares and provide a better market profile for the Group with institutional and retail investors. The Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financial flexibility and business development of the Company.

As the engine of earnings to the Group, Changchun Yicheng will continue to exercise stringent control in the manufacturing process and manpower. At the same time, Changchun Yicheng will continue to seek more investment opportunity in order to boost the profit to the Group.

The excavation of the underground coal mines is in progress and it is expected that the underground coal mines will start test production by the end of this year.

Due to great demand of electricity in China, the prospects for the coal industry are enormous. The board is of view that the Group's participation in coal industry is the main stream direction of the Group in future. 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.

APPOINTMENTS OF AN EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

In order to optimize the structure of the Board and to cope with the further development of the Group's business, Mr. Xu Bin has been appointed as a co-chairman and executive director of the Company with effect from 10 August 2009 (please refer to the Company's another announcement of the date hereof).

In view of Mr. Xu's appointment, the existing chairman of the Company, Mr. Mak Shiu Chung, Godfrey, will act together with Mr. Xu as co-chairman of the Company with effect from 10 August 2009

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 2009.

CORPORATE GOVERNANCE

During the six months ended 30 June, 2009, 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 2009. 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 report 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 2009 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, 15 September 2009

As at the date of this report, the Board comprise:

Executive Directors

Mr. Mak Shiu Chung, Godfrey (Co-Chairman)

Mr. Xu Bin (Co-Chairman)

Mr. Zhang Chao Liang

Mr. Wang Hon Chen

Independent Non-Executive Directors

Mr. Kwok Chi Shing

Mr. Tsang Wai Sum

Mr. Yu Yang