

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of DeTeam Company Limited (the "Company" and together with its subsidiaries, the "Group") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market (the "GEM") of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DeTeam Company Limited **弘海有限公司***

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8112)

HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

** For identification only*

HIGHLIGHTS FOR THE HALF YEARLY PERIOD

- Turnover of the Group for the six months ended 30 June 2007 was approximately HK\$81,099,000 representing an increase of 45 times over the corresponding period in 2006.
- The Group recorded a net profit of approximately HK\$11,533,000 for the six months ended 30 June 2007.
- The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2007.

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 2007, together with the unaudited comparative figures for the corresponding periods in 2006 are as follows:

Condensed Consolidated Income Statement – unaudited

| | Notes | Six months ended 30 June | | Three months ended 30 June | |
|--|-------|-----------------------------|------------------|-------------------------------|------------------|
| | | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Turnover | 2 | 81,099 | 1,769 | 43,594 | 1,312 |
| Cost of sales and services | | (64,775) | (1,239) | (34,368) | (894) |
| Gross profit | | 16,324 | 530 | 9,226 | 418 |
| Other income | | 335 | 47 | 321 | (155) |
| Distribution costs | | (291) | (551) | (140) | (274) |
| Administrative expenses | | (4,473) | (2,830) | (2,630) | (1,223) |
| Profit/(loss) from operations | | 11,895 | (2,804) | 6,777 | (1,234) |
| Finance costs | | (362) | (261) | (179) | (134) |
| Share of loss of an associated | | – | – | – | 201 |
| Profit/(loss) before tax | | 11,533 | (3,065) | 6,598 | (1,167) |
| Income tax expense | 3 | – | – | – | – |
| Profit/(loss) for the period attributable to equity holders of the Company | | 11,533 | (3,065) | 6,598 | (1,167) |
| Earning/(loss) per share | | | | | |
| Basic | 5 | 3.85 cents | (1.30 cents) | 2.16 cents | (0.44 cents) |
| Diluted | 5 | 3.85 cents | – | 2.16 cents | – |

Condensed Consolidated Balance Sheet

| | | As at 30 June 2007 HK\$'000 (Unaudited) | As at 31 December 2006 HK\$'000 (Audited) |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and equipment | 6 | 29,610 | 26,528 |
| Prepaid land lease payments | | 403 | 451 |
| Interests in associates | 7 | – | – |
| Available-for-sale financial assets | | 880 | 862 |
| | | 30,893 | 27,841 |
| Current assets | | | |
| Inventories | | 21,503 | 17,500 |
| Prepaid land lease payments | | 115 | 115 |
| Amounts due from customers for contract works | 8 | – | 1,223 |
| Trade receivables | 9 | 5,890 | 2,415 |
| Deposits, prepayments and other receivables | | 4,798 | 5,742 |
| Cash and bank balances | | 91,123 | 7,828 |
| | | 123,429 | 34,823 |
| Current liabilities | | | |
| Trade payables | 10 | 13,877 | 16,435 |
| Accrued charges and other payables | | 13,331 | 11,184 |
| Provision for warranty | | 680 | 653 |
| Short term borrowings | | 9,126 | 9,500 |
| Current tax liabilities | | 1,373 | 1,346 |
| | | 38,387 | 39,118 |
| Net Current Asset/(liabilities) | | 85,042 | (4,295) |
| Total assets less current liabilities | | 115,935 | 23,546 |
| Non-current liabilities | | | |
| Other loan | | – | 2,375 |
| | | 115,935 | 21,171 |
| NET ASSETS | | | |
| EQUITY | | | |
| Capital and reserve | | | |
| Share Capital | 11 | 35,296 | 29,606 |
| Other reserves | | 122,195 | 44,654 |
| Accumulated losses | | (41,556) | (53,089) |
| TOTAL EQUITY | | 115,935 | 21,171 |

Condensed Consolidated Cash Flow Statement – unaudited

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30 June | |
| | 2007 | 2006 |
| | HK\$'000 | HK\$'000 |
| Net cash inflow/(outflow) from operating activities | 9,341 | (3,812) |
| Net cash inflow/(outflow) from investing activities | (4,288) | 18 |
| Net cash inflow/(outflow) before financing activities | 5,053 | (3,794) |
| Net cash inflow from financing activities | 78,242 | 16,252 |
| Increase/(Decrease) in cash and cash equivalents | 83,295 | 12,458 |
| Cash and cash equivalents at 1 January 2007 | 7,828 | 1,413 |
| Cash and cash equivalents at 30 June 2007 | 91,123 | 13,871 |
| Analysis of balances of cash and cash equivalents: | | |
| Cash and bank balances | 91,123 | 13,871 |

Condensed Consolidated statement of changes in equity – unaudited

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

| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Capital reserve <i>HK\$'000</i> | Exchange reserve <i>HK\$'000</i> | Accumulated loss <i>HK\$'000</i> | Total equity <i>HK\$'000</i> |
|---------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|--|--|------------------------------------|
| At 1 January 2007 | 29,606 | 45,917 | (1,628) | 365 | (53,089) | 21,171 |
| Issue of shares from placing | 5,690 | 79,660 | – | – | – | 85,350 |
| Issuing expenses | – | (2,467) | – | – | – | (2,467) |
| Exchange Difference | – | – | – | 348 | – | 348 |
| Profit for the period | – | – | – | – | 11,533 | 11,533 |
| At 30 June 2007 | <u>35,296</u> | <u>123,110</u> | <u>(1,628)</u> | <u>713</u> | <u>(41,556)</u> | <u>115,935</u> |
| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Capital reserve <i>HK\$'000</i> | Exchange reserve <i>HK\$'000</i> | Accumulated loss <i>HK\$'000</i> | Total equity <i>HK\$'000</i> |
| At 1 January 2006 | 20,400 | 37,010 | (1,628) | 3 | (63,222) | (7,437) |
| Issue of shares from placing | 8,976 | 6,022 | – | – | – | 14,998 |
| Issuing expenses | – | (241) | – | – | – | (241) |
| Exchange Difference | – | – | – | (11) | – | (11) |
| Loss for the period | – | – | – | – | (3,065) | (3,065) |
| At 30 June 2006 | <u>29,376</u> | <u>42,791</u> | <u>(1,628)</u> | <u>(8)</u> | <u>(66,287)</u> | <u>4,244</u> |

Notes:

1. Basis of preparation

The accompanying unaudited consolidated results of the Group are prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS'). The accounting policies adopted are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2006.

The consolidated results are unaudited but have been reviewed by the Company's audit committee in accordance with rule 5.30 of the Gem Listing rule.

2. Turnover

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

| | <i>Notes</i> | Six months ended | |
|---|--------------|-------------------------|--------------|
| | | 30 June | |
| | | 2007 | 2006 |
| | | HK\$'000 | HK\$'000 |
| Sale of bags | | 80,302 | – |
| Revenue from transportation technology solution contracts | | 797 | 1,769 |
| | | <u>81,099</u> | <u>1,769</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.

3. Taxation

- i. 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 2007 (2006: HK\$Nil). The subsidiary, Beijing Angels Communications Technology Co., Ltd ("Beijing Angels"), operating in the PRC, is subject to enterprise income tax rate of 33% on their 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, Changchun Yicheng Packaging Company Limited ("Changchun Yicheng") operating in the PRC, is subject to enterprise income tax rate of 33% in accordance with the PRC Income Tax Law. However, 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.
- ii. At the balance sheet date the Group has unused tax losses of approximately HK\$11,395,000 (2005: HK\$8,585,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses of HK\$5,101,000, HK\$3,827,000 and HK\$2,467,000 will expire on 31 December 2007, 31 December 2010 and 31 December 2011 respectively.

4. Dividend

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

5. Earning/(Loss) per share

Earning per share for the six months and three months ended 30 June 2007 are calculated based on the Group's profit attributable to the shareholders of HK\$11,533,000 and HK\$6,598,000 respectively (Loss attributable to the shareholders for the corresponding period in 2006: HK\$3,065,000 and HK\$1,167,000 respectively) and on the weighted average number of 299,369,724 and 304,917,802 ordinary shares respectively (2005: 236,008,840 and 263,630,769) ordinary shares in issue during the period.

Diluted profit/(loss) per share for the six months and three months ended 30 June 2007 are calculated based on the the Group's profit attributable to the shareholder of HK\$11,533,000 and HK\$6,598,000 respectively and on the weighted average number of 299,825,525 and 305,824,396 ordinary shares respectively. There were no potential dilutive ordinary shares in existence during the six months and three ended 30 June 2006.

6. Fixed assets

| | Cost <i>HK\$'000</i> | Accumulated depreciation <i>HK\$'000</i> | Net book Value <i>HK\$'000</i> |
|----------------------|--------------------------------|--|--|
| As at 1 January 2007 | 30,689 | (4,161) | 26,528 |
| Addition | 4,563 | – | 4,563 |
| Depreciation | – | (2,018) | (2,018) |
| Exchange Difference | 597 | (60) | 537 |
| | <u>35,849</u> | <u>(6,239)</u> | <u>29,610</u> |

7. Interests in an associated company

| | 30 June 2007 <i>HK\$'000</i> | 31 December 2006 <i>HK\$'000</i> |
|--|--|--|
| Share of net liabilities | (4,740) | (4,740) |
| Goodwill on acquisition of an associated company | – | – |
| Loan receivable | 7,488 | 7,488 |
| | <u>2,748</u> | <u>2,748</u> |
| Less: Impairment losses | (2,748) | (2,748) |
| | <u>–</u> | <u>–</u> |

8. Long-term transportation technology solution contracts in progress

| | 30 June 2007 <i>HK\$'000</i> | 31 December 2006 <i>HK\$'000</i> |
|--|--|--|
| Cost incurred to date plus recognized profits to date | – | 2,387 |
| Less: progress billings | – | (1,164) |
| | <u>–</u> | <u>1,223</u> |
| Included in current assets/(liabilities) under the following captions: | | |
| Amounts due from customers for contract works | <u>–</u> | <u>1,223</u> |

As at 30 June 2007, no retention monies held by customers for contract works were included in amounts due from customers for contract works.

9. Trade receivables

As at 30 June 2007, the aging analysis of trade receivables were as follows:

| | 30 June 2007 HK\$'000 | 31 December 2006 HK\$'000 |
|-----------------------------------|--------------------------------------|---------------------------------|
| Current to 90 days | 5,533 | 1,984 |
| 91 to 180 days | – | 77 |
| 181 to 270 days | – | – |
| 271 to 360 days | 71 | 957 |
| Over 360 days | <u>2,629</u> | <u>1,697</u> |
| | 8,233 | 4,715 |
| Less: provision on doubtful debts | <u>(2,343)</u> | <u>(2,300)</u> |
| | <u>5,890</u> | <u>2,415</u> |

The credit term granted to customers vary and are generally determined on the basis of negotiations between the individual customers and the Group. Customers are generally required to pay at various intervals over the life of the projects.

10. Trade payables

As at 30 June 2007, the aging analysis of trade payables were as follows:

| | 30 June 2007 HK\$'000 | 31 December 2006 HK\$'000 |
|--------------------|--------------------------------------|---------------------------------|
| Current to 90 days | 5,764 | 12,062 |
| 91 to 180 days | 1,875 | 7 |
| 181 to 270 days | 702 | 220 |
| 271 to 360 days | 68 | 86 |
| Over 360 days | <u>5,468</u> | <u>4,060</u> |
| | <u>13,877</u> | <u>16,435</u> |

11. Share capital

| | Authorised Ordinary shares of HK\$ 0.10 each | |
|---|--|----------------------|
| | <i>No. of shares</i> | <i>HK\$'000</i> |
| As at 31 December 2006 and 30 June 2007 | <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> |
| At 1 January 2007 | 296,060,000 | 29,606 |
| Issue of Shares from placing on May | <u>56,900,000</u> | <u>5,690</u> |
| As at 30 June 2007 | <u>352,960,000</u> | <u>35,296</u> |

12. Segment Information

An analysis of the Group's income and results for the six months ended 30 June 2007 and 2006 are as follows:

Business segments

The Group is primarily engaged in the production and sales of plastic woven bags and in the provision of transportation technology solution.

| | Bags | | Transportation technology solutions | | Total | |
|--|---------------------------------|---------------------------------|--|---------------------------------|---------------------------------|---------------------------------|
| | 2007 HK\$'000 (Unaudited) | 2006 HK\$'000 (Unaudited) | 2007 HK\$'000 (Unaudited) | 2006 HK\$'000 (Unaudited) | 2007 HK\$'000 (Unaudited) | 2006 HK\$'000 (Unaudited) |
| REVENUE | | | | | | |
| External revenue | <u>80,302</u> | – | <u>797</u> | <u>1,769</u> | <u>81,099</u> | <u>1,769</u> |
| RESULTS | | | | | | |
| Segment results | 13,905 | – | (934) | (1,065) | 12,971 | (1,065) |
| Unallocated corporate revenue | | | | | 37 | 48 |
| Unallocated corporate expenses | | | | | <u>(1,623)</u> | <u>(1,772)</u> |
| Operating loss excluding interest income/ expenses | | | | | 11,385 | (2,789) |
| Interest Income | | | | | 266 | 6 |
| Interest expenses | | | | | <u>(118)</u> | <u>(282)</u> |
| Profit/(Loss) before taxation | | | | | 11,533 | (3,065) |
| Income tax expense | | | | | <u>–</u> | <u>–</u> |
| Net Profit/(loss) for the period | | | | | <u>11,533</u> | <u>(3,065)</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in production and sales of plastic woven bags, paper bags and paper tubes in the PRC and is also engaged in the provision of transportation technology solution in the PRC.

Financial review and Business Review

The Group recorded a turnover of approximately HK\$81,099,000 for the six months ended 30 June 2007, representing an increase of approximately 45 times over the corresponding period in 2006. A net profit of approximately HK\$11,533,000 was recorded for the six months ended 30 June 2007 compared with a net loss of approximately HK\$3,065,000 of the corresponding period in 2006. The bags business recorded a net profit of HK\$13,905,000 and the Transportation Technology business recorded a net loss of HK\$934,000 and other allocated expenses for the period recorded a net loss HK\$1,438,000 respectively. Turnover for the six months ended 30 June 2007 was mainly contributed by sales of plastic woven bags business and the toll collection system in Yunnan province.

In January 2007, the Group repaid HK\$1,000,000 of the short term loan. The remaining balance of HK\$1,500,000 plus accrued interest totaling HK\$1,983,452 was renewed at same interest rate and repayable on 5 January 2008.

On 15 May 2007, a placing agreement was entered into between Lucky Team International Limited, the Company and DBS Asia Capital Limited in respect of the placing of 56,900,000 Shares representing approximately 19.2% of the issued share capital of the Company at the time of the new issue and approximately 16.1% of the enlarged issued share capital of the Company. On the same day, a subscription agreement was entered into between Lucky Team International Limited and the Company in respect of the subscription of 56,900,000 Shares at HK\$1.50 per Share.

In June 2007, the Group through its indirect wholly-owned subsidiary(Harvest Team (China) Limited ("HTL"), entered into the First JV Agreement with Inner Mongolia Yuan Yuan Energy Resources Company Limited ("YYE") for the establishment of the First JV Company. The First JV Company will principally be engaged in the sale and purchase, and distribution of coal to be extracted from Underground Coal Mine in the PRC.

The First JV Company will be owned as to 56.2% by HTL and 43.8% by YYE upon its establishment. The registered capital of the First JV Company will be RMB100,000,000 (approximately HK\$102,041,000) which will be contributed entirely into the Underground Coal Supply Agreement with the First JV Company (signed by HTL and on behalf of the First JV Company) under which YYE shall supply the coal generated from the Underground Coal Mine to the First JV Company on an exclusive basis and lease a station platform to the First JV Company for the transportation of coal from the Underground Coal Mine on an ongoing basis.

In June, 2007, the Company through its indirect wholly-owned subsidiary, Kotan Resources Limited ("KRL"), entered into Second JV Agreement with YYE for the establishment of the Second JV Company. The Second JV Company will principally be engaged in the sale and purchase, and distribution of coal to be extracted from the Open-Pit Coal Mine in the PRC.

The Second JV Company will be owned as to 51% by KRL and 49% by YYE upon its establishment. The registered capital of the Second JV Company will be RMB1,000,000 (approximately HK\$1,020,000) which will be contributed as to RMB510,000 (approximately HK\$520,000) by KRL and RMB490,000 (approximately HK\$500,000) by YYE, in proportion to their respective equity interest in the Second JV Company. KRL and YYE will each contribute its share of registered capital in cash. It is a condition to the Second JV Agreement that YYE shall enter into the Open-Pit Coal Supply Agreement with the Second JV Company (signed by KRL on behalf of the Second JV Company) under which YYE shall supply certain agreed amount of coal to be extracted from the Open-Pit Coal Mine to the Second JV Company on a non-exclusive basis and lease a station platform to the Second JV Company for the transportation of coal from the Open-Pit Coal Mine during the contract term.

Details of the transaction was contained in the Company's circular dated 12 July 2007.

Liquidity and Financial Resources

The Group did not have any charges on its assets during the period under review. The current ratio of the Group was 3.21 as at 30 June 2007 as compared to 0.89 as at 31 December 2006. The gearing ratio, being the ratio of long-term debt by total asset. The Group's gearing ratio was nil as at 30 June 2007 and 31 December 2006.

The Group's sales and purchase 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 2007, the Group had contracted no capital commitments and the Group did not have any material contingent liability as at 30 June 2007.

Employees

The Group employed 470 full time employees as at 30 June 2007. Remuneration of the staff comprised monthly salaries, provident fund contributions, medical benefits, training programs and housing allowances.

Capital Structure and Material acquisition

In May 2007, a placing agreement was entered into between Lucky Team International Limited, the Company and DBS Asia Capital Limited in respect of the placing of 56,900,000 Shares representing approximately 19.2% of the issued share capital of the Company at the time of the new issue and approximately 16.1% of the enlarged issued share capital of the Company and at the same time, a subscription agreement was also entered into between Lucky Team International Limited and the Company in respect of the subscription of 56,900,000 Shares at HK\$1.50 per Share. The net proceeds were used for future acquisition and working capital of the Group.

During the six months ended 30 June 2007, the Group did not have any charges on its assets, and there were no changes in the Company's authorized share capital.

The Group has no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2007.

Prospects

In July 2007, the Group has the placing agreement entered into between Lucky Team International Limited, the Company and Kim Eng Securities (Hong Kong) Limited in respect of the placing of 70,592,000 shares representing approximately 20% of the issued share capital of the Company at the time of placing and approximately 16.67% of the enlarged issued share capital of the Company, at the same time a subscription agreement was entered into between Lucky Team International Limited and the Company in respect of the subscription of 56,900,000 Shares at HK\$2.79 per Share. The net proceeds of the Subscription and the General Mandate Placing are approximately HK\$191 million. The net proceeds will be applied as to HK\$51.5 million by the Group for investment in building a new production plant of large plastic woven bags and the balance of HK\$139.5 million for potential coal investments in the PRC due to the boost order of the bag's business, the Company has already paid a deposit for an adjacent plot of land to the existing small plastic woven bags factory for expansion purpose. The Company will deploy HK\$51.5 million to build a new production plant of large plastic woven bags to satisfy the demand from the existing and potential new customers.

On 6 August 2007, shareholders of the Company have approved the coal transactions as stated in the Company's circular dated 12 July 2007. The Board is of the view that the group's participation as a major equity owner in these coal joint ventures will allow the group to benefit from the high growth and high yield coal industry in the PRC. It is the intention of the Group to further invest into the plastic woven bags and coal business.

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 30 June 2007, the interests and short positions of each Directors and Chief Executives 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 Rule 5.46 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)

| Name | Number of ordinary shares | | | | Percentage of issued share capital |
|-------------------------|--------------------------------|----------------------------|------------------|-----------------|------------------------------------|
| | Personal interests (Note 2) | Corporate Interests | Family interests | Other interests | |
| Yan, Daniel X.D. | 1,500,000 (L) | 20,000,000 (L) (Note 4) | – | – | 6.09% |
| Mak Shiu Chung, Godfrey | – | 56,900,000(L) (Note 5) | – | – | 16.12% |

Notes:

- 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.
- These interests are the same interests as those described in Section (II) below.
- The letter "L" denotes a long position in the shares.
- These Shares are beneficially owned by Sebastian International Holdings Limited ("Sebastian"), a company incorporated in the British Virgin Islands. By virtue of his 100% shareholding in Sebastian, Mr. Yan, Daniel X.D. is deemed or taken to be interested in the 20,000,000 shares owned by Sebastian.
- 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 56,900,000 shares owned by Lucky Team.

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

As at 30 June 2007, the executive Directors have outstanding share options granted pursuant to the Company's share option scheme, details of which were set out below and in the section headed "Share Option Scheme".

| Name | Date of grant | Number of underlying shares in respect of outstanding options as at 31 December 2006 | Number of underlying shares in respect of outstanding options as at 30 June 2007 | Consideration | | |
|-----------------|---------------|--|--|---------------------------|---------------------------------|-------------------------|
| | | | | Price for grant (for all) | Exercise price per share (HK\$) | Exercise period |
| Yan Daniel X.D. | 28.3.2002 | 1,500,000 | 1,500,000 (L) | 10.00 | 1.28 | 10.08.2002 – 09.08.2011 |

Note: the letter "L" denotes a long position in the underlying shares.

Save as disclosed above, as at 30 June 2007, none of the Directors, Chief Executives of the Company or their associates had any interests in the shares or debentures of, or short positions in the shares 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 adopted a share option scheme (the "Old Scheme") on 16 August 2001 which was terminated pursuant to a resolution passed at the annual general meeting held on 25 April 2003, and the summary of the principal terms of the Old Scheme is set out in Appendix IV of prospectus of the Company dated 22 August 2001 under the section headed "Share Option Scheme".

Before 25 April 2003, options comprising a total of 8,288,000 underlying shares were granted under the Old Scheme to employees (including executive directors) of the Group at an exercise price of HK\$1.28 per share with the exercise period from 10 August 2002 to 9 August 2011 (both dates inclusive) (first tranche of 50% exercisable from 10 August 2002 and the remaining tranche of 50% from 10 August 2003).

Details of share option movements during the period under review are as follows:

| Name | Date of Grant | Exercise price (HK\$) | Exercise period | Closing price before date of grant (HK\$) | Number of Share Options | | |
|------------------|---------------|-----------------------|------------------------|---|---------------------------------|--|-----------------------------|
| | | | | | Outstanding at 31 December 2006 | Granted/ exercised/ lapsed/ cancelled during the period between 1 January 2007 to 30 June 2007 | Outstanding at 30 June 2007 |
| Yan Daniel X.D.* | 28.3.2002 | 1.28 | 10.8.2002 – 9.8.2011 | 1.30 | 1,500,000 | – | 1,500,000 |
| Employees | 28.3.2002 | 1.28 | 10.8.2002 – 9.8.2011 | 1.30 | 5,088,000 | (5,088,000) | – |
| Employees | 22.11.2006 | 0.68 | 23.5.2007 – 22.11.2016 | 0.79 | 26,700,000 | (26,700,000) | – |

* an executive director of the Company

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

Under the New 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, the resolution is passed to grant options under the New scheme to subscribe for up to 29,376,000, which representing 10% of the existing issue share capital of the Company.

As at the period ended 30 June 2007, 5,088,000 share option under the Old scheme were cancelled and 6,000,000 and 20,700,000 share options which granted on 22 November 2006 under the New Scheme were cancelled and lapsed respectively.

DIRECTORS' INTEREST 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 period or at any time during the period under review.

SUBSTANTIAL SHAREHOLDERS

Other than interests disclosed in the paragraph headed "Directors' interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporations" above, as at 30 June 2007, 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 executives of the Company) as having an interest of 10% or more of the issued share capital of the Company.

| Name | Capacity/Nature of interest | Number of Shares | Percentage of issued share capital |
|-----------------------|-----------------------------|-----------------------------------|------------------------------------|
| Lucky Team | Beneficial Owner | 56,900,000 (L) <i>(Note 1)</i> | 16.12% |
| Xu Bin | Beneficial Owner | 48,960,000(L) <i>(Note 2)</i> | 13.87% |
| Sebastian | Beneficial Owner | 20,000,000 (L) <i>(Note 3)</i> | 5.67% |
| Lau Ying Ying, Angela | Interest of Spouse | 21,500,000 (L) <i>(Note 4)</i> | 6.09% |

Notes:

1. Lucky Team is a company incorporated in the British Virgin Islands with limited liability, and wholly owned by Mr. Mak Shiu Chung, Godfrey, an executive director of the Company.
2. To the best knowledge of the Directors, this party is independent of and not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any associate of any of them.
3. Sebastian is a company incorporated in the British Virgin Islands with limited liability, and wholly owned by Mr. Yan Daniel X.D, the Chairman and an executive director of the Company.
4. Ms. Lau Ying Ying, Angela is deemed to be interested in these shares by virtue of the fact that she is the wife of Mr. Yan Daniel X.D., the Chairman of the Company and an executive Director.
5. The letter "L" denotes a long position in the shares.

Save as disclosed above, as at 30 June 2007, the Directors are not aware of any other persons who has interests and/or short positions in the shares, underlying shares and debentures of, the Company or any associated corporation (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO.

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 30 June 2007, 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.

COMPETING INTEREST

None of the Directors or the management shareholders (as defined in the GEM 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 Company established an audit committee on 16 August 2001 comprising the independent non-executive Directors, Mr. Yang Xiaoping, Mr. Kwok Chi Shing and Mr. Tsang Wai Sum. The written terms of reference of the audit committee comply with the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and financial statements, half-year reports and quarterly reports and to provide advice 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.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding Directors' securities transactions on term no less exacting than the required standard dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rule throughout the period ended 30 June 2007, Having made specific enquiry of all Directors, the Directors have complied with such coded of conduct and the required standard of dealing throughout the period 30 June 2007.

CORPORATE GOVERNANCE

During the six months ended 30 June 2007, the Company has complied with the requirement of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2007. Neither the Company nor any of its subsidiaries has purchased, sold any of the Company's shares.

By order of the Board
Mak Shiu Chung, Godfrey
Executive Director

Hong Kong, 14 August 2007

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

Executive Directors

Mr. Yan, Daniel X.D.
Mr. Mak Shiu Chung, Godfrey
Mr. Zhang Chao Liang
Mr. Wang Hon Chen

Independent Non-Executive Directors

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