DeTeam Company Limited
弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8112

ANNUAL REPORT 2006

* *For identification purposes only*

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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 and no assurance is given that there will be a liquid market in the securities traded on Stock Exchange.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-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 Companies website in order to obtain up-to-date information on GEM-listed issuers.

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") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange Listing Rules") for the purpose of giving information with regard to the Company and together with its subsidiaries, (the "Group"). 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.

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CORPORATE PROFILE

Board of Directors

Executive Directors
Mr. Yan, Daniel X.D. *(Chairman)*
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

Compliance Officer

Mr. Yan, Daniel X.D.

Company Secretary

Mr. Wong Choi Chak FCCA, CPA

Authorised Representatives

Mr. Yan, Daniel X.D.
Mr. Mak Shiu Chung, Godfrey

Qualified Accountant

Mr. Wong Choi Chak FCCA, CPA

Audit Committee Members

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

Remuneration & Nomination Committee

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

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KYI-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

Bank of Butterfield International (Cayman) Ltd.
Butterfield House
Fort Street
P.O. Box 705
George Town
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Abacus Share Registrars Limited
26/F., Floor, Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

Principal Bankers

The Hongkong & Shanghai Banking Corporation
Bank of China (Hong Kong) Limited
Bank of Communication (Hong Kong Branch)

Auditors

RSM Nelson Wheeler
Certified Public Accountants
7th Floor, Allied Kajima Building
138 Gloucester Road
Hong Kong

Legal Advisers

As to Hong Kong Law:
Morrison & Foerster

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

Stock Code

8112

CHAIRMAN'S STATEMENT

Final Results

On behalf of the board of directors of DeTeam Company Limited (the "Company") and its subsidiaries (collectively known as the "Group"), I take pleasure in presenting the Group's audited consolidated results for the year ended 31 December 2006. The Group's consolidated turnover for the period grew 830% to HK$69.7 million as compared to the corresponding period last year. Profit for the year attributable to equity holders of the Company amounted to HK$10.1 million.

Business Review

The Group is principally engaged in the production and sale of plastic woven bags and the provision of transportation technology solution in the PRC.

Since the end of the previous financial year, it has been a period of significant transition for the Group and has seen us move away from being solely a transportation technology solution provider to also become a plastic woven bags manufacturer. In August 2006, the Group completed the acquisition of 100% of the equity interests in Changchun Yicheng Packaging Company Limited ("Yicheng") and in order to reflect the Group's new business strategy, the name of the Group was changed from "Angels Technology Company Limited" to "DeTeam Company Limited".

Yicheng commenced full scale operations in 2002 and is currently one of the few largest plastic woven bags manufacturers in Jilin Province, the PRC. Yicheng manufactures over 50 varieties of plastic woven bags catering to its customers, which comprise mainly manufacturers of corn modified products, animal feed products and biochemical products. It has over 200 machineries for plastic spinning, plastic cover making, knitting and bags closing. As seen from the excellent results in the annual report, Yicheng proves itself as a strong cashflow and profitable growing company.

The main transportation solution projects that the Group has contracted in 2006 include Yunnan New Lane Project and Inner Mongolia Open-end System. The number of companies participating in mechanical and electrical engineering projects and transportation solution systems keeps on rising, thus resulting in a very competitive bidding environment. Even though projects were successfully secured, contribution was negligible. Consequently, the Group incurred loss in these projects.

Prospects

Contribution from Yicheng enables the Group to achieve its full profitable year since 2001. It is expected that Yicheng will continue to generate steady profit growth and sustainable cashflow to the Group, forming a solid platform for further expansion.

Yicheng is strategically situated in Changchun, Jilin Province which is the major commercial grains production base in the PRC. It is also located in the heart of the golden corn production belt of the PRC. Capturing on its leading position in the plastic woven bags industry, both businesses from its existing and new customers are growing rapidly. Apart from increasing the production capacity of Yicheng, Yicheng is also studying the feasibility of producing large plastic woven bags to satisfy the demand from its existing customers.

As announced on 17 November 2006, the Group is still negotiating with Dushan Company for a proposed investment in the antimony mine operated by Dushan Company in the PRC. The Group will continue to seek out investment opportunities with the aim to bring satisfactory reward to the shareholders.

Appreciation

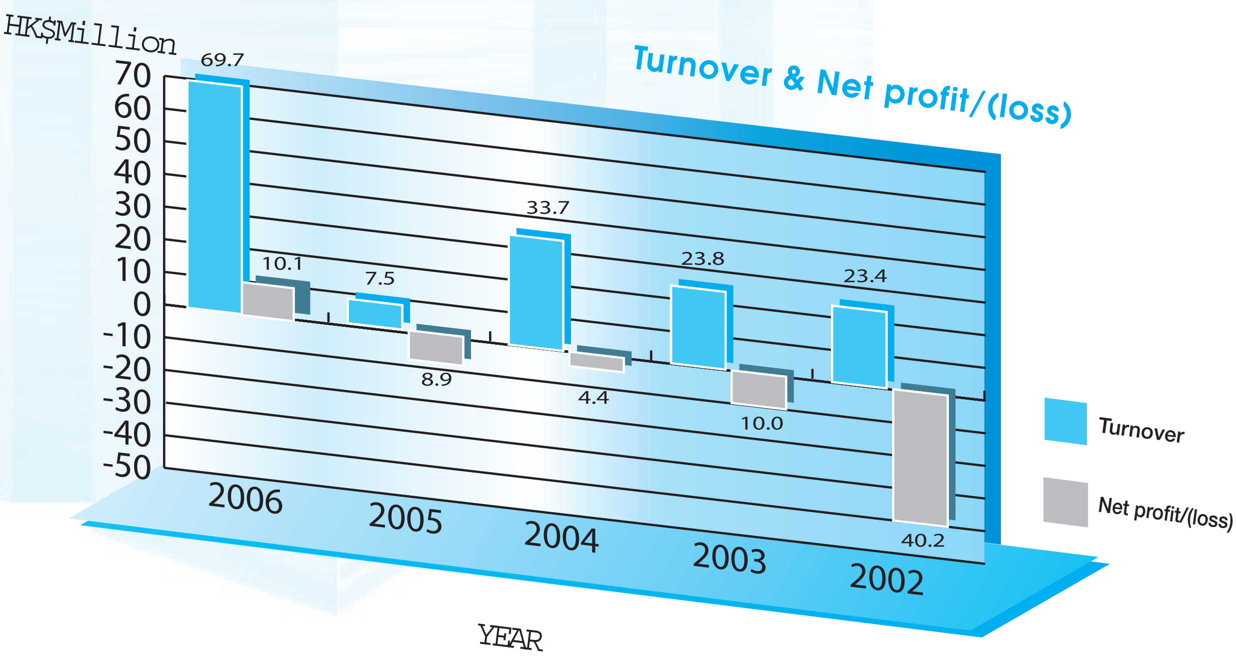
On behalf of the Board of Directors, I would like to express my gratitude to all our staff for their dedication and contribution. Our staff is beyond doubt the assets of the Group and the key to the Group's future success.

Yan, Daniel X.D.
Chairman

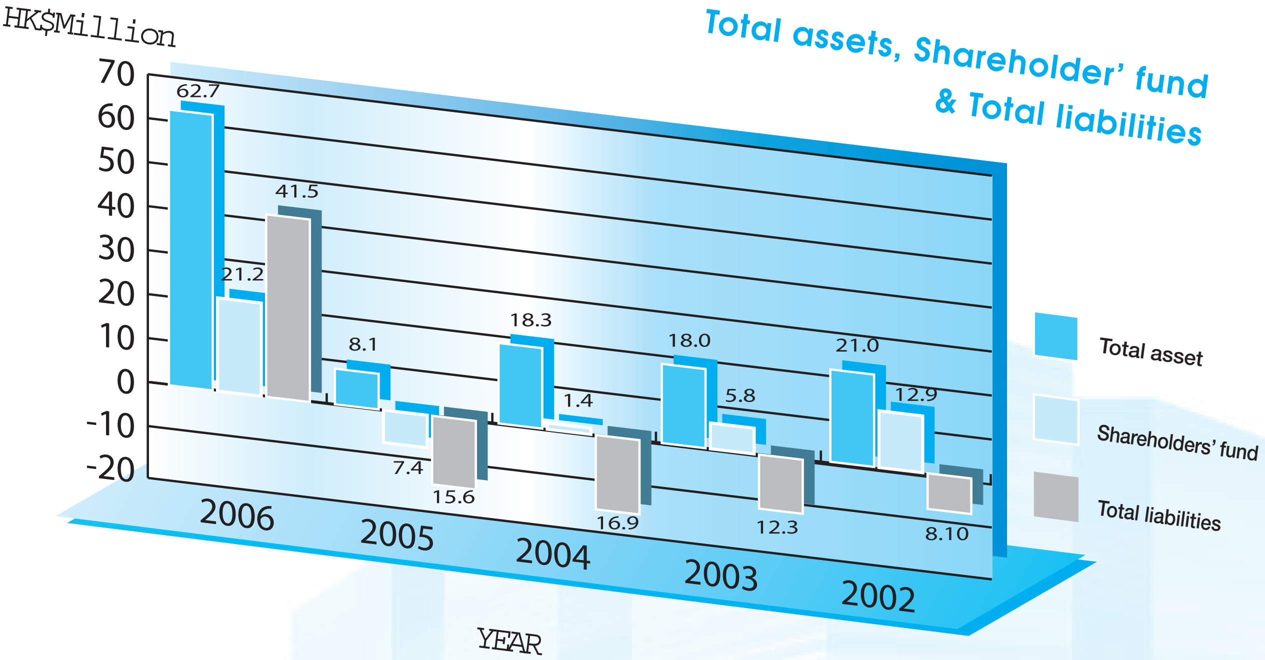
27 March 2007, Hong Kong

Financial Highlights

	2006 HK$'000	2005 HK$'000	Change
OPERATING RESULTS			
Turnover	69,689	7,495	830%
Gross profit	13,789	463	2,878%
Operating expenses	9,805	8,587	14%
Other operating expenses	751	–	N/A
Impairment of investment in an associate	–	571	N/A
Finance costs	536	180	198%
Share of loss of an associate	–	132	N/A
Profit/(loss) for the year attributable to equity holders of the Company	10,133	(8,948)	213%
Profit/(loss) per share – basic	3.83 cents	(4.39) cents	187%
FINANCIAL POSITION			
Total assets	62,664	8,121	672%
Cash and bank balances	7,828	1,413	454%
Shareholders' funds	21,171	(7,437)	385%
FINANCIAL RATIOS			
Current ratio	0.89	0.44	102%
Gearing ratio	0.112	–	N/A



MANAGEMENT'S DISCUSSION AND ANALYSIS



Financial Review

The Group achieved excellent results in 2006. For the year ended 31 December 2006, the Group's turnover was approximately HK$69.7 million, representing a significant increase of 830% as compared with HK$7.5 million in last year. The increase was mainly due to revenue generated from Yicheng which was acquired in 2006. For the year 2006, the Group generated an operating profit of approximately HK$10.8 million compared with an operating loss of approximately HK$8.6 million for the year ended 31 December 2005, representing an increase in profit by approximately HK$19.4 million. In the operating profit, there was a share-based payment expense of approximately HK$1.8 million charged to income statement in accordance with the newly implemented HKFRS2 issed by the Hong Kong Institute of Certified Public Accountants, which came into effect and was adopted by the Group for the first time in 2006. The operating profit of HK$12.6 million was recorded if the accounting treatment was not taken up in the book of the Group.

Consequently, the profit attributable to shareholders increased from loss of approximately HK$8.9 million in 2005 to profit of approximately HK$10.1 million in 2006. Distribution costs for 2006 was approximately HK$1,333,000 in 2006 (2005: approximately HK$3,319,000). Administrative expenses increased to approximately HK$8,472,000 in 2006 (2005:approximately HK$5,268,000). The reason for increasing is that the group acquired the acquisition 100% of the equity interests in Yicheng in August 2006.

In January 2006, the Group entered into a loan agreement which provided for unsecured loan of HK$4,500,000 at an interest rate of 12% per annum, the Group used the loan to repay 4% HK$4,000,000 convertible note issued by the company in favour of VC Finance Limited.

In order to strengthen the cash flow of the Group, the Group had successfully placed 40,800,000 new shares in March 2006. Those shares represented approximately 20% of the issued share capital of the Company and approximately 16.7% of the enlarged issued share capital of the Company at the time of placing. The net proceed of placing was used by the Group for general capital purpose.

In May 2006, the Group entered into a placing agreement with a placee. Pursuant to the placing agreement, the Group issued 48,960,000 new shares to a placee at a price of HK$0.223 per share. The net proceed of placing was used for acquiring Yicheng.

In order to improve the financial performance and position of the Group and to maximise the returns to the Group and Shareholder as a whole, the Group completed the acquisition of 100% of the equity interests in Yicheng in August 2006.

In November 2006, Yicheng entered a short term bank loan agreement provided for a secured loan of RMB7,000,000 at an interest rate of 6.72% per annum. Yicheng used the loan for general working purpose.

In January 2007, the Group extended the unsecured other loan in the amount of HK$1,983,452 (including accrued interest) from the borrower for one year in the same term and condition.

With the successful result of Yicheng, the Group will continue to seek its growth potential and at the same time will continue to be vigilant in controlling operating costs and maintain operational efficiency in the provision of transportation technology area.

Capital structure, liquidity and financial resources

In March 2006, the Group had successfully placed 40,800,000 new shares; those shares represented 20% of the issue capital of the Company and approximately 16.7% of the enlarged issue share capital of the Company at the time of the placing. The net proceed was retained by the Group for general working capital purpose.

In June 2006, the Group has successfully placed 48,960,000 new shares; those shares represented 20% of the issue share capital of the Company and approximately 16.7% of the enlarged issue share capital of the Company at the time of the placing. The net proceed was retained by the Group for acquisition of Yicheng.

As at 31 December 2006, the Group had cash and cash equivalents amounting to approximately HK$7.8 million. Additionally, the Group's gearing ratio was 0.112 which is based on the division of long-term debts by shareholders' funds. The Group's liquidity ratio is 0.89.

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 2006, the Group did not have any material contingent liabilities.

Employee information

As at 31 December 2006, the Group employed a total of 453 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

On 1 September 2006, the Group completed the acquisition of Yicheng.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2006 and currently it has no plan for material investments or capital assets.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YAN, Daniel X.D., aged 44, appointed on 7 April 2000, is the Chairman of the Company. Mr. Yan is primarily responsible for the Group's overall strategic planning, business development and sales and marketing since the establishment of 北京安卓思通信技術發展有限公司(Beijing Angels Communication Technology Co., Ltd.) in 1996. Mr. Yan, being the founder of the Group, has over 15 years of experience in information technology industry in the PRC, particularly in the area of strategic planning, business development, sales and marketing. He holds a bachelor's degree in mathematics and computer science from the Capital University of Economics and Trade, the PRC.

Mr. Mak Shiu Chung, Godfrey, aged 44, has over 15 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 38, he graduated from 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 46, is the general manager of the Changchun Yicheng, he has over 20 years experience in the production field. Mr. Wang is responsible for overseeing the operation of Changchun Yicheng Packaging Company Limited, including product development, production process and technical and safety management and he is a member of the People's Congress in Luyuan District, Changchun.

Independent Non-executive Directors

Mr. YANG Xiaoping, aged 44, appointed on 11 January 2001, is an independent non-executive director of the Company. Mr. Yang is currently an executive director of Chia Tai Enterprises International Limited, a company listed on the Stock Exchange.

Mr. Kwok Chi Shing, aged 44, 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 46, he graduated from 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.

Senior Management

Mr. LAU, Andrew, Kim, aged 38, is primarily responsible for the Group's overall Strategic Planning and formulated of corporate strategy of the sales and marketing operation. Mr. Lau graduated from Dulun Maritime University, the PRC in 1992. Mr. Lau was a director of the Company from 7 April 2004 to 19 October 2006.

Mr. ZHU Quan, aged 44, is primarily responsible for the Group's research and development activities and management of the projects. Mr. Zhu holds a bachelor's degree in mathematics and computer science from the Capital University of Economics and Trade. Mr. Zhu joined the Group in May 1996 as the general manager. Mr. Zhu was a director of the Company from 11 January 2001 to 17 November 2005.

Mr. Wong Choi Chak, aged 42, is the financial controller and company secretary of the Company. Mr. Wong has worked for various listed companies for over 10 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.

DIRECTORS' REPORT

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 2006.

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 36 to the financial statements.

Details of the segment information are set out in Note 7 to the financial statements.

Change of Name

At an extraordinary general meeting of shareholders of the Company held on 26 August 2006 a special resolution was passed to change the name of the Company from Angels Technology Company Limited to DeTeam Company Limited.

Results and Financial Position

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 24.

The state of the Group's affairs at 31 December 2006 is set out in the consolidated balance sheet on page 25.

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.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2006.

Property, Plant and Equipment

Details of the movements in property, plant and equipment are set out in Note 15 to the financial statements.

Directors

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

Executive Directors

Mr. Yan, Daniel X.D.	
Mr. Mak Shiu Chung, Godfrey	– appointed on 27 January 2006
Mr. Zhang Chao Liang	– appointed on 26 July 2006
Mr. Lau, Andrew Kim	– resigned on 19 October 2006
Mr. Wang Hon Chen	– appointed on 1 March 2007

Independent Non-Executive Directors

Mr. Yang Xiaoping	
Mr. Kwok Chi Shing	– appointed on 27 January 2006
Mr. Tang Wai Sum	– appointed on 26 July 2006
Ms. Wu Xin	– resigned on 6 April 2006
Mr. Zhao Ming	– resigned on 19 October 2006

In accordance with article 86(3) of the Articles of Association of the Company, Mr. Zhang Chao Liang, Mr. Wang Hon Chen and Mr. Tsang Wai Sum hold the office of Directors until the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 87(1) of the Articles of Association of the Company, Mr. Kwok Chi Shing will retire from office and Mr. Yan, Daniel X.D. will voluntarily retire from office at the forthcoming annual general meeting and, both being eligible, offer themselves for re-election.

The independent non-executive Directors are not appointed for a fixed term but they are subject to retirement by rotation and re-election at the annual general meeting pursuant to the Articles of Association of the Company. The Company has received from each of the independent non-executive Directors an annual confirmation of independence. The Company considers that all of its independent non-executive Directors are independent.

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 5 and 6.

Directors' Service Contracts

Mr. Yan, Daniel X.D., the executive Director of the Company has entered into a service contract with the Company for a term of three years commencing from 7 April 2000. The service contract shall continue thereafter until terminated by either party giving the other not less than 90 days' notice after the expiration of the said initial fixed term.

Mr. Mak Shiu Ching, Godfrey, Mr. Zhang Chao Liang and Mr. Wang Hon Chen have not entered into any service contract with the Company since the dates of their appointment as an executive Director of the Company. They have each signed a director's appointment confirmation with no fixed term of appointment as an executive Director.

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 2006, 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. Yan, Daniel X.D.	1,500,000 (L)	20,000,000 (L) (Note 4)	–	–	21,500,000(L)	7.26%
Mr. Mak Shiu Chung, Godfrey	–	56,900,000 (L) (Note 5)	–	–	56,900,000(L)	19.22%

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. The letter "L" denotes a long position in the shares.

4. 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 of the Company owned by Sebastian.

5. 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 share owned by Lucky Team.

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

As at 31 December 2006, 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 at 31 December 2006	Consideration: Price for grant (for all) (HK$)	Consideration: Exercise price per share (HK$)	Exercisable period
Mr. Yan, Daniel X.D.	28.3.2002	1,500,000 (L)	10.00	1.28	10.8.2002 – 9.8.2011

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

Save as disclosed above, as at 31 December 2006, 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 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 the prospectus of the Company dated 22 August 2001 under the section headed "Share Option Scheme".

Details of share option movements during the year under the Old Scheme are as follows:

					Number of Share Options						
Name	Date of grant	Exercise price per share (HK$)	Exercisable period	Closing price before date of grant (HK$)	Outstanding at 1 January 2006	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Transferred during the year	Outstanding at 31 December 2006
Mr. Yan, Daniel X.D.*	28.3.2002	1.28	10.8.2002 – 9.8.2011	1.30	1,500,000	–	–	–	–	–	1,500,000
Mr. Lau, Andrew Kim**	28.3.2002	1.28	10.8.2002 – 9.8.2011	1.30	1,000,000	–	–	–	–	(1,000,000)	–
Employees	28.3.2002	1.28	10.8.2002 – 9.8.2011	1.30	4,388,000	–	–	(300,000)	–	1,000,000	5,088,000
Employee	22.11.2006	0.68	23.11.2006 – 22.11.2016	0.79	–	2,300,000	(2,300,000)	–	–	–	–
Employees	22.11.2006	0.68	23.05.2007 – 22.11.2016	0.79	–	26,700,000	–	–	–	–	26,700,000
					6,888,000	29,000,000	(2,300,000)	(300,000)	–	–	33,288,000

* executive Directors of the Company as at 31 December 2006

** Mr. Lau, Andrew Kim resigned as executive Director of the Company on 19 October 2006 and he remained as an employee 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 22 November 2006, options to subscribe for a total of 29,000,000 option share of the Company has been granted under the New scheme. The Company's share on the Stock Exchange of Hong Kong Limited for the five trading days immediately preceding 22 November 2006. 2,300,000 share options have been exercised during the period from the grant date to 31 December 2006.

As at the latest practicable date, 5,088,000 share options 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' 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 2006, 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 2006, 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	Percentage of issued share capital
Lucky Team International Limited ("Lucky Team")	Beneficial Owner	56,900,000 (L) (Note 1)	19.22%
Xu Bin	Beneficial Owner	48,960,000 (L) (Note 2)	16.54%
Li Gui Yan	Beneficial Owner	35,100,000 (L) (Note 2)	11.86%
Sebastian	Beneficial Owner	20,000,000 (L) (Note 3)	6.76%
Ms. Lau Ying Ying, Angela	Interest of Spouse	21,500,000 (L) (Note 4)	7.26%

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 who is an executive Director of the Company.

2. To the best knowledge of the Directors, the parties are 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. Sebastian is a company incorporated in the British Virgin Islands with limited liability, which is 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 spouse of Mr. Yan, Daniel X.D., the Chairman and an executive Director of the Company.

5. The letter "L" denotes a long position in the shares.

Save as disclosed above, as at 31 December 2006, 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.

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 2006. There had been no exercise of convertible securities, options, warrants or other similar rights during the year ended 31 December 2006.

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 2006 and 2005 are as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2006	2005	2006	2005
The largest customer	38%	42%		
Five largest customers in aggregate	76%	88%		
The largest supplier			24%	14%
Five largest suppliers in aggregate			60%	55%

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

Distributable reserves of the Company at 31 December 2006 amounted to HK$Nil (2005: HK$Nil). Under Section 34 of the Companies Law (2000 Revision) of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provision of the Articles of Association of the Company and no distribution shall be paid to shareholders out of the share premium unless the Company shall be able to pay its debts as they fall due in the ordinary course of business.

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 or sold or redeemed any of the Company's shares during the year.

Compliance with the GEM Listing Rules

Throughout the year ended 31 December 2006, the Company has complied with the GEM Listing Rules except that the independent non-executive Directors are not 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. Yang Xiaoping, Mr. Kwok Chi Shing and Mr. Tsang Wai Sum. Mr. Kwok Chi Shing and Mr. Tsang Wai Sum joined the audit committee on 27 January 2006 and 26 July 2006 respectively. Mr. Zhao Ming and Ms. Wu Xin resigned as independent non-executive Directors on 6 April 2006 and 19 October 2006 respectively. 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 reports and financial statements, half-year reports 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 2006.

Events after the Balance Sheet Date

Details of events occurred after the balance sheet date are set out in Note 35 to the financial statements.

Auditors

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be put at the forthcoming annual general meeting.

Corporate Governance

A report of the principle corporate governance practices adopted by the Company is set out on pages 18 to 21 of the annual report.

By order of the Board

Yan, Daniel X.D.
Chairman

27 March 2007, Hong Kong

Introduction

Subject to the deviations as disclosed on 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 2006.

Board of Directors and Board Meeting

The board of Directors, which currently comprises seven 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. Among the seven Directors, Mr. Zhang Chao Liang and Mr. Tsang Wai Sum were appointed as executive Director and independent non-executive Director respectively on 26 July 2006. Mr. Wang Hon Chen were appointed as executive Director on 1 March 2007.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the Profiles of the 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. Yan, Daniel X.D. is the chairman of the board of Directors and an executive Director and Mr. Mak Shiu Chung, Godfrey is the chief executive officer of the Company.

During the year ended 31 December 2006, 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 shareholders. Mr. Yang Xiaoping, Mr. Kwok Chi Shing and Mr. Tsang Wai Sum are the independent non-executive Directors. The appointment of Mr. Kwok Chi Shing and Mr. Tsang Wai Sum appointment are 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.

The term of appointment for Mr. Yang Xiaoping commenced from 11 January 2001 and both of them is not for a fixed term subject to retirement by rotation and other related provisions as stipulated in the articles of association of the Company, provided that the appointments may be terminated by the Company or Mr. Yang with a written notice of not less than one month unless both parties agree otherwise.

During the year ended 31 December 2006, the board of Directors held a full board meeting for each quarter.

Details of the attendance of the board of Directors are as follows:-

Dir ector s		Attendance
Mr. Yan, Daniel X.D.		4/4
Mr. Mak Shiu Chung, Godfrey	(appointed on 27 January 2006)	4/4
Mr. Lau, Andrew Kim	(resigned on 19 October 2006)	3/3
Mr. Zhang Chao Liang	(appointed on 26 July 2006)	2/2

Apart from the above regular board meetings of the year, the board of Directors 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. Yang Xiaoping, an independent non-executive Director, and other members include Mr. Mak Shiu Chung, Godfrey and Mr. Tsang Wai Sum, 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 1 September 2006 and 1 December 2006. Details of the attendance of the remuneration committee meeting are as follows:

Members		Attendance
Mr. Yang Xiaoping		2/2
Mr. Yan, Daniel X.D.	(resigned on 19 October 2006)	1/1
Mr. Zhao Ming	(resigned on 19 October 2006)	1/1
Mr. Mak Shiu Chung, Godfrey	(appointed on 19 October 2006)	1/1
Mr. Tsang Wai Sum	(appointed on 19 October 2006)	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. Yang Xiaoping, and other members include Mr. Mak Shiu Chung, Godfrey and Mr. Tsang Wai Sum, 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 September 2006 and 1 December 2006 meeting for nomination of Directors. Details of the attendance of the meeting are as follows:

Members		Attendance
Mr. Yang Xiaoping		2/2
Mr. Yan, Daniel X.D.	(resigned on 19 October 2006)	1/1
Mr. Zhao Ming	(resigned on 19 October 2006)	1/1
Mr. Mak Shiu Chung, Godfrey	(appointed on 19 October 2006)	1/1
Mr. Tsang Wai Sum	(appointed on 19 October 2006)	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 (subject to the proposed amendments at the forthcoming annual general meeting), Mr. Yan, Daniel X.D. 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.

Under code provision A.4.2 of the Corporate Governance Practices, every Director should be subject to retirement by rotation at least once every three years. The existing Articles of Association of the Company provide that no Director holding office as chairman shall be subject to retirement by rotation. In order to comply with code provision A.4.2 of the Corporate Governance Practices, amendments will be proposed at the forthcoming annual general meeting to specify that every Director shall be subject to retirement by rotation at least once every three years and the nomination committee recommended that Mr. Yan, Daniel X.D. should voluntarily retire at the forthcoming annual general meeting and offer himself for re-election.

Auditors' 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$1,076,000 to the external auditors 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 controls system of the Group. During the year ended 31 December 2005, the audit committee comprises three members, Mr. Yang Xiaoping, Mr. Kwok Chi Shing, and Mr. Tsang Wai Sum. All of them are independent non-executive Directors. The chairman of the audit committee is Mr. Yang Xiaoping.

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. Yang Xiaoping		4/4
Mr. Kwok Chi Shing	(appointed on 27 January 2006)	4/4
Mr. Tsang Wai Sum	(appointed on 19 October 2006)	1/1
Mr. Zhao Ming	(resigned on 19 October 2006)	3/3

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2006 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 have been made.

Directors' and Auditors Responsibilities for Financial Statements

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the shareholders are set out on page 22.

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

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

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

We have audited the consolidated financial statements of DeTeam Company Limited (formerly known as Angels Technology Company Limited) (the "Company") set out on pages 24 to 61, which comprise the consolidated balance sheet as at 31 December 2006, 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 2006 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

27 March 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
Turnover	5	69,689	7,495
Cost of sales and services		(55,900)	(7,032)
Gross profit		13,789	463
Other income	6	3,525	59
Income from excess of fair value over cost of acquisition of a subsidiary	32(a)	4,001	–
Distribution costs		(1,333)	(3,319)
Administrative expenses		(8,472)	(5,268)
Impairment of investment in an associate		–	(571)
Other operating expenses		(751)	–
Profit/(loss) from operations		10,759	(8,636)
Finance costs	8	(536)	(180)
Share of loss of an associate		–	(132)
Loss on disposals of subsidiaries	32(b)	(90)	–
Profit/(loss) before tax		10,133	(8,948)
Income tax expense	9	–	–
Profit/(loss) for the year attributable to equity holders of the Company	10	10,133	(8,948)
Earnings/(loss) per share – basic	14	3.83 cents	(4.39) cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
Non-current assets			
Property, plant and equipment	15	26,528	466
Prepaid land lease payments	16	451	–
Investments in associates	17	–	–
Available-for-sale financial assets	18	862	829
		27,841	1,295
Current assets			
Inventories	19	17,500	–
Prepaid land lease payments	16	115	–
Amounts due from customers for contract works	20	1,223	36
Trade receivables	21	2,415	4,181
Deposits, prepayments and other receivables		5,742	1,196
Cash and bank balances	22	7,828	1,413
		34,823	6,826
Current liabilities			
Trade payables	23	16,435	4,825
Accrued charges and other payables	24	11,184	5,478
Provision for warranty	25	653	1,255
Short term borrowings	26	9,500	–
Convertible note		–	4,000
Current tax liabilities		1,346	–
		39,118	15,558
Net current liabilities		(4,295)	(8,732)
Total assets less current liabilities		23,546	(7,437)
Non-current liabilities			
Other loan	27	2,375	–
NET ASSETS/(LIABILITIES)		21,171	(7,437)
Capital and reserves			
Share capital	28	29,606	20,400
Other reserves	31	44,654	35,385
Accumulated losses		(53,089)	(63,222)
TOTAL EQUITY		21,171	(7,437)

Approved by the Board of Directors on 27 March 2007.

Yan, Daniel X.D.
Director

Mak Shiu Chung, Godfrey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Note	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total equity HK$'000
Balance at 1 January 2005		20,400	35,238	(54,274)	1,364
Currency translation difference		–	147	–	147
Loss for the year		–	–	(8,948)	(8,948)
Balance at 31 December 2005		20,400	35,385	(63,222)	(7,437)
Balance at 1 January 2006		20,400	35,385	(63,222)	(7,437)
Issue of shares	28	9,206	7,356	–	16,562
Recognition of share-based payment		–	1,792	–	1,792
Currency translation differences		–	362	–	362
Share issue expenses		–	(241)	–	(241)
Profit for the year		–	–	10,133	10,133
Total recognised income and expense for the year		–	121	10,133	10,254
Balance at 31 December 2006		29,606	44,654	(53,089)	21,171

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
Cash flows from operating activities			
Profit/(loss) before tax		10,133	(8,948)
Adjustments for:			
Interest income		(148)	(36)
Reversal of provision for warranty		(652)	–
Waiver of amount due to a director		(2,345)	–
Income from excess of fair value over cost of acquisition of a subsidiary		(4,001)	–
Finance costs		536	180
Depreciation and amortisation		1,443	337
Share-based payment		1,792	–
Trade receivables written off		681	–
Allowance for amount due from an associate		70	–
Impairment of investment in an associate		–	571
Share of loss of an associate		–	132
Loss on disposals of subsidiaries		90	–
Operating profit/(loss) before working capital changes		7,599	(7,764)
Decrease in amount due from an associate		–	56
Decrease in inventories		3,031	–
Decrease in pledged bank deposit		–	732
(Increase)/decrease in amounts due from customers for contract works		(1,187)	1,790
Decrease in trade receivables		3,401	1,030
(Increase)/decrease in deposits, prepayments and other receivables		(3,986)	616
Increase/(decrease) in trade payables		249	(1,924)
(Decrease)/increase in accrued charges and other payables		(16,823)	1,379
Net cash used in operations		(7,716)	(4,085)
Interest paid		(538)	(158)
Net cash used in operating activities		(8,254)	(4,243)
Cash flows from investing activities			
Purchase of property, plant and equipment		(123)	(63)
Net cash outflow arising on acquisition of a subsidiary	32(a)	(9,288)	–
Net cash inflow arising on disposals of subsidiaries	32(b)	23	–
Interest received		148	36
Net cash used in investing activities		(9,240)	(27)
Cash flows from financing activities			
Bank loan raised		7,000	–
Other loans raised		7,025	–
Repayment of other loans		(2,150)	–
Repayment of convertible note		(4,000)	–
Net proceeds from issue of shares		16,321	–
Advance from a director		–	1,210
Net cash generated from financing activities		24,196	1,210
Net increase/(decrease) in cash and bank balances		6,702	(3,060)
Cash and bank balances at 1 January		1,413	4,365
Exchange differences		(287)	108
Cash and bank balances at 31 December		7,828	1,413

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, 31/F., 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 provision of transportation technology solutions and manufacturing and sale of plastic woven bags and paper bags.

2. Significant accounting policies

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 2006. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); 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 application of these new HKFRSs will not have material impact on the financial statements of the Group.

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 of Hong Kong Limited 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 management 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 3 to the financial statements.

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

2. 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.

(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.

2. Significant accounting policies (Continued)

(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.

2. Significant accounting policies (Continued)

(d) Foreign currencies 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.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(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 dates of the transactions); 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 and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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.

2. 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 basis over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	5% – 10%
Plant and machinery	16% – 33%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Computer equipment	20%
Motor vehicles	16%

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

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) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2. Significant accounting policies (Continued)

(h) 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.

(i) Transportation technology solution contracts

When the outcome of a transportation technology solution contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a transportation technology solution contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Transportation technology solution contracts in progress at the balance sheet date are recorded in the balance sheet at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the balance sheet as "Gross amount due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the balance sheet as "Gross amount due to customers for contract work". Progress billings not yet paid by the customer are included in the balance sheet under "Trade receivables". Amounts received before the related work is performed are included in the balance sheet under "Trade payables".

(j) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are investments not classified as held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

2. Significant accounting policies (Continued)

(k) Trade and other receivables

Trade and other receivables 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.

2. Significant accounting policies (Continued)

(p) 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.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Contract revenue

When the outcome of a transportation technology solution contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract; and revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a transportation technology solution contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

(q) 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 or paternity 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 contribution 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.

2. Significant accounting policies (Continued)

(r) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(s) 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.

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.

2. Significant accounting policies (Continued)

(t) 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.

(u) 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 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, 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.

2. Significant accounting policies (Continued)

(v) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and 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.

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.

(w) 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.

2. Significant accounting policies (Continued)

(x) 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.

3. Critical judgements and key estimates

Key sources of estimation uncertainty

(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) Revenue and profit recognition

The Group estimates the percentage of completion of the transportation technology solutions contracts by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and the profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

4. 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 Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. 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 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 carrying amount of the trade receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

(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

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group has exposure to fair value interest rate risk as most of its borrowings bear interests at fixed 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.

5. Turnover

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

	2006 HK$'000	2005 HK$'000
Sales of bags	66,771	–
Revenue from transportation technology solution contracts	2,918	7,495
	69,689	7,495

6. Other income

	2006 HK$'000	2005 HK$'000
Interest income	148	36
Service income	380	–
Reversal of provision for warranty	652	–
Waiver of amount due to a director	2,345	–
Sundry income	–	23
	3,525	59

7. Segment information

(a) Primary reporting format – business segments

The Group is organised into two main business segments for the year ended 31 December 2006:

Bags	–	Manufacturing and sale of plastic woven bags and paper bags; 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 PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

7. Segment information (Continued)

Primary reporting format – business segments

	Bags HK$'000	Transportation technology solutions HK$'000	Consolidated HK$'000
Year ended 31 December 2006			
Revenue	66,771	2,918	69,689
Segment results	11,641	(4,271)	7,370
Other income			3,525
Income from excess of fair value over cost of acquisition of a subsidiary			4,001
Unallocated expenses			(4,137)
Profit from operations			10,759
Finance costs			(536)
Loss on disposals of subsidiaries			(90)
Profit before tax			10,133
At 31 December 2006			
Segment assets	57,320	3,423	60,743
Investments in associates			–
Unallocated assets			1,921
Total assets			62,664
Segment liabilities	30,345	7,518	37,863
Unallocated liabilities			3,630
Total liabilities			41,493
Other segment information:			
Capital expenditure	119	4	123
Unallocated amounts			–
			123
Depreciation	1,241	154	1,395
Unallocated amounts			10
			1,405

7. Segment information (Continued)

Primary reporting format – business segments (Continued)

	Bags HK$'000	Transportation technology solutions HK$'000	Consolidated HK$'000
Year ended 31 December 2005			
Revenue	–	7,495	7,495
Segment results	–	(6,120)	(6,120)
Other income			59
Unallocated expenses			(2,575)
Loss from operations			(8,636)
Share of loss of an associate	–	(132)	(132)
Finance costs			(180)
Loss before tax			(8,948)
At 31 December 2005			
Segment assets	–	7,739	7,739
Investments in associates			–
Unallocated assets			382
Total assets			8,121
Segment liabilities	–	9,087	9,087
Unallocated liabilities			6,471
Total liabilities			15,558
Other segment information:			
Capital expenditure	–	56	56
Unallocated amounts			7
			63
Depreciation	–	323	323
Unallocated amounts			14
			337
Impairment loss on goodwill recognised in income statement	–	(571)	(571)

8. Finance costs

	2006 HK$'000	2005 HK$'000
Interest on bank loan	53	–
Interest on other loan wholly repayable within 5 years	480	–
Interest on convertible note wholly repayable within 5 years	3	160
Other finance costs	–	20
	536	180

9. Income tax expense

(a) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable Hong Kong profits for the year ended 31 December 2006 (2005: 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 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, Changchun Yicheng Packaging Company Limited ("Changchun Yicheng"), operating in the PRC, is subject to enterprise income tax rate of 33% on its taxable profit in accordance with 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) and is therefore entitled to a reduced tax rate of 27%. 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.

(b) The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2006 HK$'000	2005 HK$'000
Profit/(loss) before tax	10,133	(8,948)
Tax at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	1,773	(1,566)
Expenses not deductive for tax purposes	165	541
Income tax exempted	(2,725)	–
Income not taxable	(26)	–
Tax losses for which no deferred income tax asset was recognised	813	1,025
Income tax expense	–	–

(c) 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.

10. Profit/(loss) for the year

The profit/(loss) for the year is stated after charging/(crediting) the following:

	2006 HK$'000	2005 HK$'000
Auditors' remuneration	438	320
Depreciation of property, plant and equipment	1,405	337
Operating lease rentals in respect of land and buildings	878	1,068
Allowance for amount due from an associate (included in other operating expenses)	70	–
Trade receivables written off (included in other operating expenses)	681	–
Reversal of provision for warranty	(652)	(21)

11. Staff costs (including directors' emoluments)

	2006 HK$'000	2005 HK$'000
Wages and salaries	3,524	3,167
Termination benefits	–	62
Employee share option benefits (equity-settled)	1,792	–
Social security costs	450	13
Pension costs	126	116
	5,892	3,358

12. 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$'000	Employee's contribution to pension scheme HK$'000	Compensation for loss of office as director HK$'000	Total HK$'000
Mr. Yan, Daniel X.D.	–	60	–	–	–	60
Mr. Lau, Andrew Kim (i)	–	48	–	–	–	48
Mr. Mak Shiu Chung, Godfrey (ii)	112	–	–	–	–	112
Mr. Zhang Chao Liang (iv)	2	–	–	–	–	2
Mr. Yang Xiaoping	–	–	–	–	–	–
Mr. Zhao Ming (i)	–	–	–	–	–	–
Ms. Wu Xin (iii)	–	–	–	–	–	–
Mr. Kwok Chi Shing (ii)	51	–	–	–	–	51
Mr. Tang Wai Sum (iv)	2	–	–	–	–	2
Total for 2006	167	108	–	–	–	275

Name of Director	Fees HK$'000	Salaries HK$'000	Inducement fees HK$'000	Employee's contribution to pension scheme HK$'000	Compensation for loss of office as director HK$'000	Total HK$'000
Mr. Yan, Daniel X.D.	–	63	–	–	–	63
Mr. Lau, Andrew Kim	–	63	–	–	–	63
Mr. Zhu Quan (v)	–	81	–	–	–	81
Ms. Shek Ying, Christine (v)	–	3	–	–	–	3
Mr. Yang Xiaoping	–	–	–	–	–	–
Mr. Zhao Ming	–	–	–	–	–	–
Ms. Wu Xin	–	–	–	–	–	–
Total for 2005	–	210	–	–	–	210

Notes:

(i) Resigned on 19 October 2006.

(ii) Appointed on 27 January 2006

(iii) Resigned on 6 April 2006.

(iv) Appointed on 26 July 2006.

(v) Resigned on 17 November 2005.

During the year 2006, Mr. Yan, Daniel X.D. and Mr. Lau, Andrew Kim waived emoluments of HK$395,000 (2005: HK$392,000) and HK$350,000 (2005: HK$392,000) respectively. Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any emoluments during the year.

12. Directors' and employees' emoluments (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2005: one (Note (ii)) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2005: four) individuals are set out below:

	2006 HK$'000	2005 HK$'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	826	901
Contributions to pensions schemes	23	27
	849	928

(i) The emoluments of these four (2005: four) highest paid individuals are less than HK$1,000,000.

(ii) Mr. Zhu Quan was resigned as Director on 17 November 2005. Included in the five highest paid individuals above for the year ended in December 2005 was director's emolument of HK$81,000 paid to Mr. Zhu Quan, which was included in Note 12(a) above.

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

13. Dividend

The Directors do not recommend the payment of a dividend for the year (2005: HK$Nil).

14. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings (2005: loss) 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$10,133,000 (2005: loss attributable to equity holder of the Company of approximately HK$8,948,000) and the weighted average number of ordinary shares of 264,520,000 (2005: 204,000,000) in issue during the year.

Diluted earnings/(loss) per share

A diluted earnings per share for the year ended 31 December 2006 has not been shown as there were no potential dilutive ordinary shares in existence during the year.

A diluted loss per share for the year ended 31 December 2005 has not been disclosed as the convertible note outstanding during 2005 had an anti-dilutive effect on the basic loss per share for 2005.

15. 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$'000	Total HK$'000
Cost						
At 1 January 2005	–	–	164	1,244	1,589	2,997
Additions	–	–	–	63	–	63
Disposals	–	–	–	(22)	–	(22)
Exchange differences	–	–	4	33	46	83
At 31 December 2005 and at 1 January 2006	–	–	168	1,318	1,635	3,121
Acquisition of a subsidiary	12,180	13,980	–	–	553	26,713
Additions	–	119	–	4	–	123
Disposal of a subsidiary	–	–	–	(110)	–	(110)
Exchange differences	304	350	7	113	12	786
At 31 December 2006	12,484	14,449	175	1,325	2,200	30,633
Accumulated depreciation and impairment						
At 1 January 2005	–	–	64	774	1,431	2,269
Charge for the year	–	–	33	146	158	337
Disposals	–	–	–	(22)	–	(22)
Exchange differences	–	–	2	23	46	71
At 31 December 2005 and at 1 January 2006	–	–	99	921	1,635	2,655
Charge for the year	234	948	35	129	59	1,405
Disposal of a subsidiary	–	–	–	(57)	–	(57)
Exchange differences	–	–	3	38	61	102
At 31 December 2006	234	948	137	1,031	1,755	4,105
Carrying amount						
At 31 December 2006	12,250	13,501	38	294	445	26,528
At 31 December 2005	–	–	69	397	–	466

At 31 December 2006 the carrying amount of plant and machinery pledged as securities for the Group's bank loan amounted to HK$13,501,000 (2005: HK$Nil).

16. Prepaid land lease payments

	2006 HK$'000	2005 HK$'000
At 1 January	–	–
Acquisition of a subsidiary	589	–
Amortisation of prepaid land lease payments	(38)	–
Exchange differences	15	–
At 31 December	566	–
Current portion	(115)	–
Non-current portion	451	–

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

17. Investments in associates

	2006 HK$'000	2005 HK$'000
Share of net liabilities	(4,740)	(4,701)
Goodwill on acquisition of an associate	–	532
Loan receivable (Note (b))	7,488	7,488
	2,748	3,319
Less: Impairment losses	(2,748)	(3,319)
	–	–

17. Investments in associates (Continued)

(a) Details of the Group's associates, all of which are unlisted, were as follows:

Company	Particulars of issued shares held	Place of incorporation and operation	Principal activities	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Loss HK$'000	Interest held Directly	Interest held Indirectly
2006									
CTIA VSAT Network Limited ("CTIA")	5,000,000 ordinary shares of HK$1.0 each	Hong Kong	Investment holding	12,550	25,935	10,808	1,897	40%	–
2005									
CTIA VSAT Network Limited ("CTIA")	5,000,000 ordinary shares of HK$1.0 each	Hong Kong	Investment holding	17,260	27,904	9,101	1,837	40%	–
Smart-Mover ITS Technology Co. Limited	Registered capital of RMB2,000,000	The PRC	Provision of traffic information service solution in Beijing	206	94	–	377	–	35%

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

(c) The Group has not recognised loss for the year amounting to HK$759,000 (2005: HK$$735,000) for CTIA. The accumulated losses not recognised up to 31 December 2006 were HK$1,494,000 (2005: HK$735,000).

18. Available-for-sale financial assets

	2006 HK$'000
Beginning of the year	829
Exchange difference	33
End of the year	862

Available-for-sale financial assets include the following:

	2006 HK$'000	2005 HK$'000
Club membership	362	348
Unlisted investments	500	481
	862	829

19. Inventories

	2006 HK$'000	2005 HK$'000
Raw materials	5,463	–
Work in progress	3,811	–
Finished goods	8,226	–
	17,500	–

20. Long-term transportation technology solution contracts in progress

	2006 HK$'000	2005 HK$'000
Costs incurred to date plus recognised profits to date	2,387	209
Less: progress billings	(1,164)	(173)
	1,223	36
Included in current assets under the following caption:		
Amounts due from customers for contract works	1,223	36

At 31 December 2006, retention monies held by customers for contract works included in trade receivables under Note 21 amounted to HK$Nil (2005: HK$1,611,000).

21. Trade receivables

The credit terms granted to customers of transportation technology solution vary and are generally at the results of negotiations between the individual customers and the Group. Customers are generally required to pay at various intervals over the life of the projects. The general credit terms of sales of bags are 30 days.

The ageing analysis of trade receivables is as follows:

	2006 HK$'000	2005 HK$'000
Current to 90 days	1,984	2,132
91 to 180 days	77	–
181 to 270 days	–	–
271 to 360 days	957	1,413
Over 360 days	1,697	2,936
	4,715	6,481
Less: Allowance for doubtful debts	(2,300)	(2,300)
	2,415	4,181

22. Cash and bank balances

At 31 December 2006, the Group's cash and bank balances denominated in Renminbi ("RMB") and kept in the PRC amounted to RMB6,083,000 (2005: RMB1,318,000) and the 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.

23. Trade payables

The ageing analysis of trade payables is as follows:

	2006 HK$'000	2005 HK$'000
Current to 90 days	12,062	3,391
91 to 180 days	7	–
181 to 270 days	220	–
271 to 360 days	86	22
Over 360 days	4,060	1,412
	16,435	4,825

24. Accrued charges and other payables

	2006 HK$'000	2005 HK$'000
Accrued charges and other payables	10,965	4,268
Receipt in advance	219	–
Advance from a director	–	1,210
	11,184	5,478

25. Provision for warranty

	HK$'000
At 1 January 2006	1,255
Reversal of provision	(652)
Exchange differences	50
At 31 December 2006	653

	2006 HK$'000	2005 HK$'000
Analysis of provision for warranty		
Current	653	1,255

The Group gives 12-month warranties on certain contracts and undertakes to repair or replace items that fail to perform satisfactorily.

26. Short term borrowings

	2006 HK$'000	2005 HK$'000
Bank loan	7,000	–
Other loan	2,500	–
	9,500	–

The carrying amounts of the Group's short term borrowings for 2006 are denominated in the following currencies:

	Hong Kong dollars	RMB
Bank loan	–	7,000
Other loan	2,500	–
	2,500	7,000

The effective interest rates were as follows:

	2006	2005
Bank loan	6.72%	–
Other loan	12%	–

The bank loan and other loan are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

The bank loan is secured by the Group's plant and machinery (Note 15) and corporate guarantee issued by a customer, and repayable on 25 October 2007.

The other loan is unsecured and repayable on 5 January 2007. Subsequent to the balance sheet date, the loan agreement has been renewed. (Note 35(a))

27. Other loan

The other loan is unsecured, interest free and repayable on or before 31 March 2008. Subsequent to the balance sheet date, the other loan became loan from a director who was appointed as director of the Company. The other loan has been fully repaid in March 2007.

The directors considered the carrying amount of other loan approximate its fair value.

28. Share capital

	Authorised Ordinary shares of HK$0.10 each No. of shares	HK$'000
At 31 December 2005 and 2006	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 and 31 December 2005		204,000,000	20,400
Issue of shares on placement	(a)	89,760,000	8,976
Issue of shares on share option scheme	(b)	2,300,000	230
		92,060,000	9,206
At 31 December 2006		296,060,000	29,606

(a) On 27 February 2006, the Company entered into a placing and underwriting agreement with a third party in respect of the placement of 40,800,000 ordinary shares of HK$0.1 each at a price of HK$0.1 per share. The placement was completed on 23 March 2006. The share issue expenses of approximately HK$216,000 was charged to the Company's share premium account.

On 4 May 2006, the Company conditionally agreed to issue 48,960,000 new shares of HK$0.1 each by placement under general mandate at a price of HK$0.223 per share. The placement was completed on 1 June 2006 and the premium on the issue of shares, amounting to approximately HK$6,022,000, net of share issue expenses of HK$25,000, was credited to the Company's share premium account.

(b) On 21 December 2006, 2,300,000 share options were exercised at a price of HK$0.68 each and the premium on the issue of shares, amounting to approximately HK$1,334,000 was credited to the Company's share premium account.

29. Share options

Equity-settled 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 ("AGM") held on 25 April 2003. The Company's new share option scheme (the "New Scheme") was adopted at AGM on the same date. 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.

Details of the specific categories of options are as follows:

At 31 December 2006, the following options to subscribe for shares were outstanding under the Company's share option scheme:

	Exercise price per share HK$	Number of outstanding options	Expiry date
Old Scheme:			
Director	1.28	1,500,000	9 August 2011
Other employees	1.28	5,088,000	9 August 2011
New Scheme:			
Other employees	0.68	26,700,000	22 November 2016
		33,288,000	

	Number of share options 2006	2005
Beginning of the year	6,888,000	7,288,000
Granted	29,000,000	–
Exercised	(2,300,000)	–
Lapsed	(300,000)	(400,000)
End of the year	33,288,000	6,888,000

There were no option forfeited or cancelled in 2005 and 2006.

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.89. The options outstanding at the end of the year have a weighted average remaining contractual life of 8.85 years (2005: 5.61 years) and the exercise prices range from HK$0.68 to HK$1.28 (2005: HK$1.28). In 2006, options were granted on 21 November. The estimated fair values of the options on that date are HK$21,904,000.

Subsequent to the balance sheet date, 5,088,000 share options under the Old Scheme were cancelled and 6,000,000 and 20,700,000 share options under the New Scheme were cancelled and lapsed respectively.

29. Share options (Continued)

Equity-settled share option scheme (Continued)

The fair values of the equity-settled share option were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2006
Weighted average share price	HK$0.31
Weighted average exercise price	HK$0.68
Expected volatility	114.64%
Expected life	10 years
Risk free rate	4.57%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

30. Balance sheet of the Company

	2006 HK$'000	2005 HK$'000
Investments in subsidiaries	11,199	–
Investments in associates	–	–
Other current assets	1,609	15
Due to a subsidiary	(81)	(81)
Convertible note	–	(4,000)
Other liabilities	(3,402)	(832)
NET ASSETS/(LIABILITIES)	9,325	(4,898)
Share capital	29,606	20,400
Reserves	(20,281)	(25,298)
TOTAL EQUITY	9,325	(4,898)

31. Other reserves

	Note	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Foreign currency translation reserve HK$'000	Total HK$'000
At 1 January 2005		37,010	–	(1,628)	(144)	35,238
Currency translation differences		–	–	–	147	147
At 31 December 2005		37,010	–	(1,628)	3	35,385
At 1 January 2006		37,010	–	(1,628)	3	35,385
Issue of shares	28	7,356	–	–	–	7,356
Share issue expenses	28	(241)	–	–	–	(241)
Grant of share options		–	1,792	–	–	1,792
Share-based payment		1,792	(1,792)	–	–	–
Currency translation differences		–	–	–	362	362
At 31 December 2006		45,917	–	(1,628)	365	44,654

Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law (Revised) of the Cayman Islands, the funds in 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) *Share-based payment reserve*

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in Note 2(r) to the financial statements.

(iii) *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.

(iv) *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 2(d)(iii) to the financial statements.

32. Notes to the consolidated cash flows statement

(a) Acquisition of a subsidiary

On 1 September 2006, the Group acquired 100% of the issued share capital of Changchun Yicheng for a total purchase consideration (including direct costs relating to the acquisition) of HK$11,260,000. Changchun Yicheng was engaged in manufacturing and sale of plastic woven bags, paper bags in the PRC during the year.

The fair value of the identifiable assets and liabilities of Changchun Yicheng 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	26,713
Prepaid land lease payments	589
Inventories	20,531
Trade receivables	2,316
Deposits, prepayments and other receivables	714
Cash and bank balances	1,972
Trade payables	(11,361)
Accrued charges and other payables	(24,900)
Current tax liabilities	(1,313)
	15,261
Excess of fair value over cost of acquisition of a subsidiary	(4,001)
Satisfied by:	
Cash	11,260
Net cash outflow arising on acquisition:	
Total purchase consideration paid	11,260
Cash and cash equivalents acquired	(1,972)
	9,288

The excess of fair value over cost of acquisition of Changchun Yicheng is attributable to a bargain purchase.

Changchun Yicheng contributed approximately HK$66,771,000 to the Group's turnover and approximately HK$11,595,000 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 2006, total Group turnover for the year would have been HK$142,471,000, and profit for the year would have been HK$19,458,000. The proforma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is intended to be a projection of future results.

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

(b) Disposals of subsidiaries

During the year, the Group disposed of its subsidiaries, Proville Consultancy Inc., Angels Logistics Systems (Guangzhou) Company Limited and Angels Navimaster Co. Limited.

Net assets at the date of disposals were as follows:

	HK$'000
Property, plant and equipment	53
Prepayments, deposits and other receivables	84
Cash and bank balances	2
Accrued charges and other payables	(24)
Net assets disposed of	115
Loss on disposals of subsidiaries	(90)
Total consideration – satisfied by cash	25
Net cash inflow arising on disposals:	
Cash consideration received	25
Cash and cash equivalents disposed of	(2)
	23

33. Operating lease commitments

At 31 December 2006, the Group had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	2006 HK$'000	2005 HK$'000
Not later than one year	801	606
Later than one year but not later than five years	349	65
	1,150	671

34. Related party transactions

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

35. Events after the balance sheet date

(a) Subsequent to the balance sheet date, the Company repaid the short term other loan of HK$1,000,000. The remaining balance of HK$1,500,000 was renewed at same interest rate and repayable on 5 January 2008.

(b) Subsequent to the balance sheet date, 5,088,000 shares options under the Old Scheme were cancelled and 6,000,000 and 20,700,000 share options under the New Scheme were cancelled and lapsed respectively.

36. Principal subsidiaries

Name	Place of incorporation/ registration and operation	Paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Beijing Angels	The PRC	RMB10,000,000	100%	Provision of transportation technology solutions
Changchun Yicheng	The PRC	RMB10,000,000	100%	Manufacturing and sale of plastic woven bags and paper bags

37. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2007.

NOTICE OF ANNUAL GENERAL MEETING

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 Friday, 15 June 2007 at 3 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 2006;

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

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

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

ORDINARY RESOLUTIONS

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 4A of this notice."

C. "**THAT:** conditional upon Resolutions 4A and 4B 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 4B 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 4A, 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
Yan, Daniel X.D.
Chairman

Hong Kong, 30 March 2007

NOTICE OF ANNUAL GENERAL MEETING

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 4A,4B and 4C above, approval is being sought from the member for the grant to the directors 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 30 March 2007 which will be dispatched to members together with the annual report.

6. Mr. Zhang Chao Liang, Mr. Tsang Wai Sum and Mr. Wang Hon Chen will hold the office of a director until the Annual General Meeting and Mr. Kwok Chi Shing and Mr. Yan, Daniel X.D. 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 30 March, 2007

As at the date hereof, the Board comprises:

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