

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 65)

CONTINUING CONNECTED TRANSACTIONS

The Underground Coal Supply Agreement and the relevant annual caps have expired on 31 December 2009. In order to enable the First JV Company to obtain coal and lease a station platform from YYE, on 28 January 2010, the First JV Company entered into the New Underground Coal Arrangement Agreement with YYE.

Given that YYE has a 43.8% equity interest in the First JV Company, which is an indirect non wholly-owned subsidiary of the Company, YYE is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the New Underground Coal Arrangement Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios represented by the annual caps for the continuing connected transactions under the New Underground Coal Arrangement Agreement is more than 2.5% but less than 25% and each of the annual caps is less than HK\$10,000,000, the continuing connected transactions contemplated thereunder are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. Such continuing connected transactions are exempt from the independent shareholder's approval requirement under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

New Underground Coal Arrangement Agreement

Date:

28 January 2010

Parties:

1. YYE (as the supplier); and
2. First JV Company (as the purchaser).

Subject matter:

- (i) Supply of coal which may be required by the First JV Company and which YYE may be able to supply in circumstances which are of commercial benefit to the Group; and
- (ii) Lease of a station platform located at Inner Mongolia Mine 958 on the Tong Huo railway by YYE to the First JV Company.

The coal supply arrangement ensures that the First JV Company will have a steady source of coal for its coal trading business. The lease arrangement is advantageous to the First JV Company as it ensures the First JV Company has access to a station platform which is required to store the coal of the First JV Company pending transportation via railway elsewhere.

Price:

In consideration of the amount contributed by HTL in relation to the First JV Company, YYE shall supply the coal to the First JV Company free of any cost and expense. The price for the lease of a station platform shall be RMB8 (approximately HK\$8.16) per ton or at such lower market rate to be agreed by the First JV Company and YYE.

Payment terms:

Payment for the lease of a station platform shall be payable on a monthly basis.

Term:

The supply of coal arrangement in relation to the Underground Mine shall end at the expiry of the First JV Company's initial business license term. The platform lease arrangement shall be for a fixed period from 28 January 2010 to 31 December 2012. The First JV Company has a right to extend the term of the lease arrangement by further 3 year terms until the expiry of the First JV Company's initial business license term of 30 years.

Historical coal purchase and lease and anticipated future coal purchase and lease

The table below sets out (i) the historical amount of lease of a station platform by the First JV Company from YYE for each of the three years ended 31 December 2007, 2008 and 2009; and (ii) the anticipated amount of lease of a station platform by the First JV Company from YYE for each of the three years ending 31 December 2010, 2011 and 2012:

	Approved Annual Cap RMB (HK\$)	Actual Amount of Lease of a station platform from YYE RMB (HK\$)	Proposed cap RMB (HK\$)
2007 (as from 6 August)	800,000 (816,320)	Nil	800,000 (816,320)
2008	5,000,000 (5,102,000)	Nil	5,000,000 (5,102,000)
2009	9,600,000 (9,795,840)	Nil	9,600,000 (9,795,840)
2010	–	–	6,400,000 (7,273,000)
2011	–	–	8,640,000 (9,818,000)
2012	–	–	8,640,000 (9,818,000)

Annual cap

The proposed annual cap for 2010 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (as the trial production is expected to commence in early February 2010 and assuming that it extracts only 66.7% of the prorated annual permitted amount of 1.2 million tons of coal); and (ii) the estimated amount payable for the lease of station platform at the agreed rate based on the amount of coal to be supplied during the period.

The proposed annual caps for 2011 and 2012 have been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (assuming that it achieves 90% operation and extracts the prorated annual permitted amount of 1.2 million tons of coal); and (ii) the estimated amount payable for the lease of the station platform at the agreed rate based on the amount of coal to be supplied during 2011 and 2012.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the production and sale of plastic woven bags and the sale and purchase and distribution of coal in the PRC.

The Underground Coal Supply Agreement and the relevant annual caps have expired on 31 December 2009. As the Underground Coal Mine was still under construction, the actual lease amount of station platform to the First JV Company for the three years ended 31 December 2009 was nil. However, as the trial production is expected to commence in early February 2010, the First JV Company entered into the New Underground Coal Arrangement Agreement with YYE in order to enable the First JV Company to obtain coal and lease a station platform for the transportation of coal from YYE.

The Directors consider that the continuing connected transactions under the New Underground Coal Arrangement Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Given that YYE has a 43.8% equity interest in the First JV Company, which is an indirect non wholly-owned subsidiary of the Company, YYE is a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the New Underground Coal Arrangement Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios represented by the annual caps for the continuing connected transactions under the New Underground Coal Arrangement Agreement is more than 2.5% but less than 25% and each of the annual caps is less than HK\$10,000,000, the continuing connected transactions contemplated thereunder are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. Such continuing connected transactions are exempt from the independent shareholder's approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	DeTeam Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	director(s) of the Company
“First JV Company”	內蒙古金源里井工礦業有限責任公司(Inner Mongolia Jinyuanli Underground Mining Company Limited*), a company established in the PRC and is owned as to 56.2% by HTL and 43.8% by YYE and is principally engaged in the sale and purchase, and distribution of coal to be extracted from the Underground Coal Mine in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HTL”	Harvest Team (China) Company Limited (富添(中國)有限公司), a company incorporated in the Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Underground Coal Arrangement Agreement”	the agreement entered into between HTL and YYE on 28 January 2010 for the supply of coal to the First JV Company by YYE and the lease by the First JV from YYE of a station platform for the transportation of coal
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Underground Coal Mine”	the underground coal mine located below “Areas 958” in Inner Mongolia, which has an estimated reserve of approximately 62.34 million tons of coal, owned by YYE which has obtained the relevant approval and mining license from the relevant PRC government authority to excavate coal therefrom
“Underground Coal Supply Agreement”	the agreement entered into between the First JV Company and YYE on 1 June 2007 for the purchase by the First JV Company from YYE of coal required by the First JV Company on an ongoing basis and the lease by the First JV Company from YYE of a station platform for the transportation of coal on an on going basis, which has expired on 31 December 2009
“YYE”	內蒙古源源能源有限責任公司 (Inner Mongolia Yuan Yuan Energy Resources Company Limited), a limited liability company incorporated in the PRC and is principally engaged in coal mine refinery, excavation of coal, processing of coal and sale of coal in the PRC
“%”	per cent.

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

Hong Kong, 28 January 2010

At the date of this announcement, the directors of the Company are as follows:

Executive Directors

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

Independent Non-Executive Directors

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

For the purpose of illustration in this announcement, figures in Renminbi are translated into Hong Kong dollars at the approximate exchange rate of RMB0.88 to HK\$1.00.

* *for identification purpose only*