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DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8112)

**(1) PLACING OF EXISTING SHARES
AND
(2) SUBSCRIPTION OF NEW SHARES
AND
(3) SUSPENSION AND RESUMPTION OF TRADING**

PLACING AGENT



DBS ASIA CAPITAL LIMITED

PLACING OF SHARES

On 15 May 2007, the Company and the Vendor entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed on a best effort basis to place an aggregate of 56,900,000 existing Shares at the Placing Price of HK\$1.50 per Placing Share on behalf of the Vendor to more than six independent professional, institutional and/or individual investors who are third parties independent of and not connected persons of the Company or any of its associates and are not parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the Vendor (as defined under the GEM Listing Rules).

The Placing Price represents (i) a discount of 16.7% to the closing price of HK\$1.8 per Share as quoted on the Stock Exchange on 14 May 2007, being the last trading day immediately before the date of the Placing Agreement and the last full trading day before the terms of the Placing and the Subscription were fixed; (ii) a discount of approximately 10.2% to the average of the closing prices of approximately HK\$1.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 14 May 2007; and (iii) a premium of approximately 13.6% to the average of the closing prices of approximately HK\$1.32 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 14 May 2007.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the closing price as shown above. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

SUBSCRIPTION OF SHARES

On 15 May 2007, the Vendor also entered into the Subscription Agreement with the Company pursuant to which the Vendor agreed to subscribe for an aggregate of 56,900,000 New Shares, which is equal to the number of Placing Shares that are placed under the Placing. The Subscription is conditional upon (i) the completion of the Placing; and (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the New Shares and such listing and permission has not been substantially revoked prior to the delivery of the definitive certificates of title representing the New Shares. An application will be made to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, all of the New Shares.

The New Shares represent approximately 16.1% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares. The New Shares are to be issued under the General Mandate.

The net proceeds of the Subscription of approximately HK\$82,850,000 will be applied as to HK\$77,850,000 by the Group for potential natural resources investment in the PRC (such as antimony, coal, gold and salt) and the balance of HK\$5,000,000 for general working capital of the Group. As at the date of this announcement, the Group has engaged in preliminary discussions on some of the potential investments but it has not entered into any agreement in respect of the same. The Company will disclose details of its investment by way of an announcement if it enters into any agreement in respect of the investment in the future, in accordance with the requirements of the GEM Listing Rules.

As the Placing and Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 15 May 2007 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares of the Company on the Stock Exchange from 9:30 a.m. on 17 May 2007.

PLACING AGREEMENT

On 15 May 2007, the Company and the Vendor entered into the Placing Agreement with the Placing Agent pursuant to which, the Placing Agent agreed with the Vendor to place an aggregate of 56,900,000 existing Shares on behalf of the Vendor at the Placing Price.

SUBSCRIPTION AGREEMENT

On 15 May 2007, the Vendor entered into the Subscription Agreement with the Company pursuant to which, on the date upon which all conditions of the Subscription have been fulfilled, and in any event not later than 14 days after the date of the Subscription Agreement, the Company will allot and issue an aggregate of 56,900,000 New Shares to Lucky Team, which is equal to the total number of Placing Shares that are placed under the Placing, at the Subscription Price.

Details of the Placing and the Subscription are set out below.

I. Placing

The Vendor:

Lucky Team, which currently holds 56,900,000 Shares or approximately 19.2% of the existing issued share capital of the Company.

The Placing Agent:

DBS Asia Capital Limited, the Placing Agent and its ultimate beneficial owner(s) are third party independent of the Company and its connected persons. Pursuant to the Placing Agreement, the Placing Agent agreed on a best effort basis to place an aggregate of 56,900,000 existing Shares at the Placing Price of HK\$1.50 per Placing Share on behalf of the Vendor to more than six independent professional, institutional and/or individual investors who are third parties independent of and not connected persons of the Company or any of its associates and are not parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the Vendor (as defined under the GEM Listing Rules).

The placing commission to be received by the Placing Agent determined by an agreed percentage of the Placing Price multiplied by the number of Placing Shares was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors (including independent non-executive Directors) are of the view that the placing commission is on normal commercial term, fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Placees:

There will be more than six placees, who will be independent professional, institutional or other investors selected and procured by the Placing Agent.

The placees will be third party independent of the Group and not connected persons (as defined in the GEM Listing Rules) of the Group, or any of its associates and are not parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the Vendor, the Company or its subsidiaries (as defined under the GEM Listing Rules) and that no placee will become substantial Shareholder as a result of the Placing.

Number of Placing Shares:

An aggregate of 56,900,000 Placing Shares on a best efforts basis. The Placing Shares represent 19.2% of the existing issued share capital of the Company and approximately 16.1% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares. Further announcement will be made on the number of Placing Shares successfully placed upon completion of the Placing.

Placing Price:

HK\$1.50 per Placing Share (exclusive of stamp duty, brokerage (if any), Stock Exchange trading fees and SFC transaction levy), which represents:

- (i) a discount of 16.7% to the closing price of HK\$1.8 per Share as quoted on the Stock Exchange on 14 May 2007, being the last full trading day immediately before the date of the Placing Agreement and the last full trading day before the date of the Subscription Agreement;
- (ii) a discount of approximately 10.2% to the average of the closing prices of approximately HK\$1.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 14 May 2007; and
- (iii) a premium of approximately 13.6% to the average of the closing prices of approximately HK\$1.32 per Share as quoted on the Stock Exchange for the last ten consecutive days up to and including 14 May 2007.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent by reference to the closing price of the Shares on 15 May 2007. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights:

The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights, and rank pari passu with all other issued Shares as at the date of this announcement in all respects, including the right to receive all dividends declared, made or paid on or after the date of the Placing Agreement.

Completion of the Placing:

Completion of the Placing is expected to take place on 21 May 2007 (or at such other time and date as may be agreed between the Vendor and the Placing Agent).

II. Subscription**The Issuer:**

The Company

The Subscribers:

Lucky Team, which, as at the date of this announcement, is interested in approximately 19.2% of the existing issued share capital of the Company. Immediately after completion of the Placing, the total shareholding of Lucky Team will be reduced to approximately 0% of the existing issued share capital of the Company. The Subscription will then increase the total shareholding of Lucky Team to approximately 16.1% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

Number of New Shares:

Equivalent to the number of Shares placed pursuant to the Placing. Assuming all the 56,900,000 Placing Shares have been placed, the New Shares represent 19.2% of the existing issued share capital of the Company and approximately 16.1% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

Subscription Price:

HK\$1.5 per New Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse Lucky Team all costs and expenses incurred by it in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.46 per Share.

Rights:

The New Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the New Shares, including the right to receive all dividends and distributions declared, paid or made on or after the date of allotment.

Mandate to issue the New Shares:

The New Shares are to be issued under the General Mandate. Under the General Mandate, up to 58,752,000 Shares, representing 20% of the issued Shares as at the date of the extraordinary general meeting of the Company held on 24 August 2006, may be issued by the Company. As at 24 August 2006, the date of the passing of the resolution to grant the General Mandate, the issued share capital of the Company was 293,760,000 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate and the Company has the issued share capital of 296,060,000 Shares.

Conditions of the Subscription:

The Subscription is conditional upon the following conditions having been fulfilled by 29 May 2007:

- (i) the completion of the Placing; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the New Shares and such listing and permission has not been substantially revoked prior to the delivery of the definitive certificates of title representing the New Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, the Subscription Agreement and all rights and obligations under the Subscription Agreement will cease and terminate.

Completion of the Subscription:

Completion of the Subscription will take place on the date upon which all conditions of the Subscription have been fulfilled. The Subscription must be completed and the New Shares must be issued on or before 29 May 2007, being 14 days after the date of the Subscription Agreement.

Application for listing:

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, all of the New Shares.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are sold in full, are as follows:

Shareholder	Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription		Shareholding immediately after completion of the Placing but before completion of the Subscription		Shareholding immediately after completion of the Placing and the Subscription	
		%		%		%
Lucky Team ¹	56,900,000	19.2	0	0	56,900,000	16.1
Xu Bin ²	48,960,000	16.5	48,960,000	16.5	48,960,000	13.9
Li Gui Yan ²	35,100,000	11.9	35,100,000	11.9	35,100,000	9.9
Sebastian ³	20,000,000	6.8	20,000,000	6.8	20,000,000	5.7
Sub-total:	<u>160,960,000</u>	<u>54.4</u>	<u>104,060,000</u>	<u>35.2</u>	<u>160,960,000</u>	<u>45.6</u>
<i>Public Shareholders</i>						
Placees	–	–	56,900,000	19.2	56,900,000	16.1
Other shareholders	<u>135,100,000</u>	<u>45.6</u>	<u>135,100,000</u>	<u>45.6</u>	<u>135,100,000</u>	<u>38.3</u>
Sub-total:	<u>135,100,000</u>	<u>45.6</u>	<u>192,000,000</u>	<u>64.8</u>	<u>192,000,000</u>	<u>54.4</u>
Total:	<u><u>296,060,000</u></u>	<u><u>100.0</u></u>	<u><u>296,060,000</u></u>	<u><u>100</u></u>	<u><u>352,960,000</u></u>	<u><u>100</u></u>

Notes:

1. Lucky Team is a company incorporated in the British Virgin Islands with limited liability, and wholly-owned by Mr. Mak Shiu Chung, Godfrey, an executive director of the Company.
2. To the best knowledge of the Directors, this party is independent of and not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any associate of them and this party does not have any management role in the Company.

3. Sebastian is a company incorporated in the British Virgin Islands with limited liability, and wholly-owned by Mr. Yan Daniel X.D., the chairman and an executive director of the Company.

The Company has no existing outstanding convertibles.

REASONS FOR THE PLACING AND SUBSCRIPTION

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

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares.

The net proceeds of the Subscription of approximately HK\$82,850,000 will be applied as to HK\$77,850,000 by the Group for potential natural resources investment in the PRC (such as antimony, coal, gold and salt) and the balance of HK\$5,000,000 for general working capital of the Group. As at the date of this announcement, the Group has engaged in preliminary discussions on some of the potential investments but it has not entered into any agreement in respect of the same. The Company will disclose details of its investment by way of an announcement if it enters into any agreement in respect of the investment in the future, in accordance with the requirements of the GEM Listing Rules.

While exploring new business opportunities in the natural resources business sector, the Company intends to continue the development of its existing businesses.

Given the Company has not conducted any fund raising activities in the past twelve months, the Directors consider that, after taking into consideration the costs and benefits of various means of fund raising, the Placing and Subscription are in the interest of the Company and the Shareholders as a whole as the Placing and Subscription will further strengthen the financial position of the Group and broaden the Shareholder and capital bases of the Company.

Assuming all the Placing Shares are fully placed and the subscription for the New Shares are fully subscribed, the net proceeds receivable by the Company, after deducting the placing commission and all costs, fees and expenses to be borne by the Company, are estimated to be approximately HK\$82,850,000. The net proceeds to be raised per New Share will be about HK\$1.46.

The Directors (including independent non-executive Directors) consider that the Placing Agreement and Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations among the Company, the Vendor and the Placing Agent and that the terms of the Placing Agreement and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Group has not conducted any equity fund raising activities in the past 12 month period immediately before the date of this announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 15 May 2007 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares of the Company on the Stock Exchange from 9:30 a.m. on 17 May 2007.

DEFINITIONS

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

“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 GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the extraordinary general meeting of the Company held on 24 August 2006
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lucky Team”	Lucky Team International Limited, a company incorporated in the British Virgin Islands with limited liability, which is 100% beneficially owned by Mr. Mak
“Mr. Mak”	Mr. Mak, Shiu Chung Godfrey, an executive Director and the beneficial owner of the entire issued share capital of Lucky Team
“New Shares”	56,900,000 Shares for which the Vendor has conditionally agreed to subscribe an aggregate of 56,900,000 Shares pursuant to the Subscription Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of the Vendor pursuant to the Placing Agreement

“Placing Agent”	DBS Asia Capital Limited
“Placing Agreement”	the conditional placing agreement dated 15 May 2007 and entered into between the Vendor, the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$1.50 per Placing Share
“Placing Shares”	56,900,000 Shares beneficially owned by the Vendor and which will be placed by the Placing Agent on behalf of the Vendor pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Sebastian”	Sebastian International Limited, a company incorporated in the British Virgin Islands with limited liability, and wholly-owned by Mr. Yan Daniel X. D., the chairman and executive director of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 15 May 2007 and entered into between the Vendor and the Company in respect of the Subscription
“Subscription Price”	the subscription price of HK\$1.50 per New Share
“Vendor”	Lucky Team
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

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

Hong Kong, 16 May 2007

* *for identification purpose only*

At the date of this announcement, the board of directors of the Company 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

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that, to the best of their knowledge and belief; (1) the information contained in this announcement 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 announcement misleading, and (3) all opinions expressed in this announcement 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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