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DeTeam Company Limited **弘海有限公司***

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8112)

CLARIFICATION ANNOUNCEMENT and DELAY IN DESPATCH OF CIRCULAR

The Directors have noted certain errors in the basis for determining the annual caps in relation to the Continuing Connected Transactions stated in the Announcement and require more time to finalize such information. The Company wishes to inform its shareholders of the revised basis and the annual caps.

The Company has also made an application to the Stock Exchange for an extension of time for the despatch of the Circular to a date falling on or before 12 July 2007.

CLARIFICATION

Reference is made to the announcement issued by DeTeam Company Limited (the “Company”) dated 7 June 2007 in relation to (i) Major Transaction – Formation of Joint Venture Companies; (ii) Continuing Connected Transactions; and (iii) Termination of Memorandum of Understanding for the Company (the “Announcement”). Terms defined in the Announcement shall have the same meaning when used herein unless the context otherwise requires.

The Board wishes to draw the attention of the shareholders of the Company to certain errors in relation to the 2007 and 2008 annual caps of the Continuing Connected Transactions set out in the Announcement. It was stated in the Announcement in relation to the annual caps of the Underground Coal Supply Agreement that:

“The annual caps of the purchase of coal and the lease of a station platform by the First JV Company from YYE for the period ending 31 December, 2007, 31 December, 2008 and 31 December, 2009 will not exceed the prorated portion of RMB50,000,000 (approximately HK\$51,020,000) representing the remaining part of the year ending 31 December, 2007 from the date on which the Underground Coal Supply Agreement becomes effective, RMB107,000,000 (approximately HK\$109,184,000) and RMB214,000,000 (approximately HK\$218,367,000) respectively.

The proposed annual cap for 2007 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (as it is not in full operation and assuming it extracts only 25% of the annual permitted amount of 1.2 million tons of coal (the “25% Level”)); 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 the year.

* *for identification purpose only*

The proposed annual cap for 2008 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (assuming that up to 30 June 2008, it achieves the 25% Level for the amount of coal extracted) and from 1 July 2008 to the end of the year, it achieves full operation and extracts the 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 the year.

The proposed annual cap for 2009 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (assuming it is in full operation and achieves its 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 the year.”

The Board wishes to replace the proposed annual caps of the Underground Coal Supply Agreement as follows:

“The annual caps of the lease of a station platform by the First JV Company from YYE for the period commencing from the date on which the Underground Coal Supply Agreement becomes effective and ending 31 December 2007, and each of the years ending 31 December 2008 and 31 December 2009 will not exceed RMB800,000 (approximately HK\$816,320), RMB 5,000,000 (approximately HK\$5,102,000) and RMB9,600,000 (approximately HK\$9,795,840) respectively.

The proposed annual cap for 2007 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (as it is not in full operation and assuming it extracts only 25% of the prorated annual permitted amount of 1.2 million tons of coal (the “25% Level”)); 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 the period.

The proposed annual cap for 2008 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (assuming that up to 30 June 2008, it achieves the 25% Level for the amount of coal extracted) and from 1 July 2008 to the end of the year, it achieves approximately 80% 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 the year.

The proposed annual cap for 2009 has been determined by reference to (i) the estimated value of the coal that will be extracted from the Underground Coal Mine (assuming it is in full operation and achieves its 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 the year.”

It was also stated in the Announcement that in relation to the annual caps of the Open-Pit Coal Supply Agreement that:

“The annual caps of the purchase of coal and the lease of a station platform by the Second JV Company from YYE for the period ending 31 December, 2007, 31 December, 2008 and 31 December, 2009 will not exceed the prorated portion of RMB70,000,000 (approximately HK\$71,429,000) representing the remaining part of the year ending 31 December, 2007 from the date on which the Open-Pit Coal Supply Agreement becomes effective, RMB168,000,000 (approximately HK\$171,429,000) and RMB185,000,000 (approximately HK\$188,776,000) respectively. The proposed caps for 2007 and 2008 have been determined by reference to (i) the estimated value of coal to be sold by YYE to the Second JV Company; and (ii) the estimated value of the station platform to be leased by YYE to the Second JV Company. As to the annual cap for 2009, it represents a 10% increment over the 2008 annual cap taking into account possible price increases of approximately 10% in line with consumer prices.

As the market rate of coal is quite high, the amount of annual caps for the Underground Coal Supply Agreement and the Open-Pit Coal Supply Agreement has turned out to be quite significant. However, the Company is of the view that it is normal in the coal trading business to have huge revenue and relatively small profit and that the significant amount of the annual caps is commercially justifiable.”

The Board wishes to replace the proposed annual caps of the Open-Pit Coal Supply Agreement as follows:

“The annual caps of the purchase of coal and the lease of a station platform by the Second JV Company from YYE for the period from the date on which the Open-Pit Coal Supply Agreement is expected to become effective until 31 December 2007 and each of the years ending 31 December 2008 and 31 December 2009 will not exceed RMB30,000,000 (approximately HK\$30,612,000), RMB76,000,000 (approximately HK\$77,550,400) and RMB84,000,000 (approximately HK\$85,713,600) respectively. The proposed caps for 2007 and 2008 have been determined by reference to (i) the estimated value of coal to be sold by YYE to the Second JV Company; and (ii) the estimated value of the station platform to be leased by YYE to the Second JV Company. In addition, the annual cap for 2008 is also determined by reference to an increment over the 2007 annual cap taking into account possible price increase of the coal of approximately RMB 10. As to the annual cap for 2009, it represents an increment over the 2008 annual cap taking into account possible price increase of the coal of approximately RMB 10.”

DELAY IN DESPATCH OF CIRCULAR

Pursuant to Rules 19.38 of the GEM Listing Rules, the Company is required to despatch a circular (the “Circular”) in relation to the matters disclosed in the Announcement to the Shareholders within 21 days after the publication of the Announcement, which is on or before 29 June 2007.

As the Directors have noted the errors in the basis for determining the annual caps in relation to the Continuing Connected Transactions stated in the Announcement and require more time to finalize such information to be included in the Circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 19.38 of the GEM Listing Rules to postpone the despatch of the Circular to a date falling on or before 12 July 2007.

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

Hong Kong, 29 June, 2007

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.

This announcement will remain on the GEM website www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.