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DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

ANNOUNCEMENT

The board of directors (the “**Directors**”) of DeTeam Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), announces that, on 10 July 2014, the Company received a letter (the “**Letter**”) from Beijing Lifang & Partners Law Firm (“**Lifang**”), representing 長青中美(北京)能源技術有限公司 (Evergreen China Energy Technology Company Limited[#]) (“**Evergreen**”).

In the Letter, reference was made to the six patent applications (the “**Six Patent Applications**”) in relation to the technology (the “**Technology**”) for upgrading lignite which were licensed by Mr. Xu Bin (“**Mr. Xu**”), the Co-Chairman and executive Director of the Company, to 北京國傳新能源開發有限公司 (Beijing Guochuan Energy New Energy Development Co., Ltd.[#]) (“**Beijing Guochuan**”), an indirect wholly-owned subsidiary of the Company, and sub-licensed to 錫林浩特市國傳能源科技開發有限公司 (Xilinhaote City Guochuan Energy Technology Development Co., Ltd.[#]) (“**Xilinhaote Guochuan**”), a wholly-owned subsidiary of Beijing Guochuan, in May 2012 and the engagement of 大連船舶重工集團裝備製造有限公司 (Dalian Shipbuilding Industry Equipment Manufacturing Company Limited[#]) by Beijing Guochuan for the proposed construction of production facilities for upgrading lignite.

It was alleged in the Letter that (i) Evergreen is the exclusive licensee for the patented lignite upgrading technology (“**Evergreen’s Patented Technology**”); (ii) Mr. Xu had discussed with Evergreen for the implementation of Evergreen’s Patented Technology and shortly afterwards, Mr. Xu suddenly filed the Six Patent Applications which fall within the scope of protection of the relevant patent of Evergreen; (iii) Mr. Xu plagiarized Evergreen’s Patented Technology; and (iv) the engagement for the making of lignite upgrading equipment and lignite upgrading by Beijing Guochuan and Xilinhaote Guochuan constitute infringement.

It was also mentioned in the Letter that Evergreen has engaged Lifang to instigate patent infringement proceedings against Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan at the Third Intermediate People's Court of Beijing to request for the cease of the infringement. The case was accepted by the Court in May 2014. Evergreen has also engaged Lifang to file request for invalidation of five licensed patents of Mr. Xu with the Patent Reexamination Board of the State Intellectual Property Office ("SIPO") of the People's Republic of China (the "PRC") (which is currently in examination) and submit written opinion to the SIPO that patent should not be granted for the other patent application. Such patent application (the "Refused Patent Application") has been refused by the SIPO due to lack of novelty.

Since the technology under the Refused Patent Application is not part of the core technology currently used by the Group in upgrading lignite, the Directors believe that the impact of the refusal of the grant of patent under the Refused Patent Application on the Group's business operation would not be material.

The PRC legal advisers of the Group has advised that after their preliminary analysis, they consider that the evidence provided by Evergreen is not sufficient to prove that (i) Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan made or used the equipment protected by Evergreen's patent; (ii) the equipment and technical solutions actually made or used by Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan fall within the scope of protection of Evergreen's patent; and (iii) there has been infringement on the part of Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan.

Based on the above advice by the PRC legal advisers of the Group and the information available at this stage, the Directors believe that the patent infringement proceedings will not have any material effect on the financial or business position of the Group as a whole.

The Company will make further announcement(s) to update the shareholders of the Company and the potential investors on any significant development regarding the above infringement proceedings as and when appropriate.

By order of the Board
DeTeam Company Limited
Xu Bin
Co-Chairman

Hong Kong, 14 July 2014

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Mak Shiu Chung, Godfrey, Mr. Xu Bin, Mr. Zhang Fusheng and Mr. Wang Hon Chen and three independent non-executive Directors, being Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Huang Shao Ru.

The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and shall not be regarded as the official English name(s) of such Chinese name(s).

** For identification purposes only*