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DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

CONNECTED TRANSACTIONS CONTINUING CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Connected transactions

(i) Acquisition of Pak Yip

On 18 May 2012, Top Globe Resources, an indirect wholly owned subsidiary of the Company entered into the Acquisition Agreement with Mr. Mak in connection with the Acquisition.

As at the date of this announcement, Mr. Mak is an executive Director and a substantial shareholder of the Company. Accordingly, the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Acquisition Agreement are less than 5% and the total consideration is less than HK\$1,000,000, the Acquisition constitutes a *de minimis* connected transaction for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(2)(c) of the Listing Rules.

(ii) *Grant of Call Option*

On 18 May 2012, Mr. Xu and the Company entered into the Call Option Agreement, pursuant to which Mr. Xu agreed to grant the Call Option to the Company and/or its nominee to acquire the Technology and intellectual property arising out of the Technology from Mr. Xu.

As at the date of this announcement, Mr. Xu is an executive Director and a substantial shareholder of the Company. Accordingly, the entering into of the Call Option Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Call Option Agreement are less than 5% and the total consideration is less than HK\$1,000,000, the Call Option constitutes a *de minimis* connected transaction for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(2)(c) of the Listing Rules.

Continuing connected transactions

(i) *Licensing Agreement*

On 18 May 2012, Mr. Xu and Beijing Guochuan entered into the Licensing Agreement, pursuant to which Mr. Xu agreed to grant Beijing Guochuan the right to use the Technology and sub-licence the Technology for three years from the date of the Licensing Agreement.

As at the date of this announcement, Mr. Xu is an executive Director and a substantial shareholder of the Company. Accordingly, immediately following completion of the Acquisition, the transactions contemplated under the Licensing Agreement will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Licensing Agreement are less than 5% and the annual consideration is less than HK\$1,000,000, the License will constitute a *de minimis* continuing connected transactions for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.33(3)(c) of the Listing Rules.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 18 May 2012 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares from 9:00 a.m. on 21 May 2012.

A. Introduction

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

References are made to the announcements of the Company dated 10 April 2012 and 11 April 2012 in relation to, among other things, the acquisition of the entire issued share capital of Wealth Business, a wholly owned subsidiary of Pak Yip.

B. Connected transactions

(i) Acquisition of Pak Yip

The Board is pleased to announce that on 18 May 2012, Top Globe Resources, an indirect wholly owned subsidiary of the Company entered into the Acquisition Agreement with Mr. Mak, in connection with the Acquisition. Particulars of the Acquisition Agreement are described below:

Particulars

Date : 18 May 2012

Consideration : HK\$300,000, determined after arm's length negotiation with reference to the unaudited consolidated financial position of Wealth Business as at 31 December 2011, a wholly owned subsidiary of Pak Yip

Subject matter : The entire issued share capital of Pak Yip, an investment holding vehicle. As at the date of this announcement, Pak Yip holds all the issued share capital of Wealth Business, which in turn holds all the equity interest in Beijing Guochuan. Beijing Guochuan holds an 80% equity interest in Changchuan Guochuan Energy and all the equity interest in Huolinguole Guochuan

Completion : Completion of the Acquisition has taken place simultaneously upon the signing of the Acquisition Agreement

Implications under the Listing Rules

As at the date of this announcement, Mr. Mak is an executive Director and a substantial shareholder of the Company. Accordingly, the entering into of the Acquisition Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Acquisition Agreement are less than 5% and the total consideration is less than HK\$1,000,000, the Acquisition constitutes a *de minimis* connected transaction for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(2)(c) of the Listing Rules.

(ii) *Call Option*

On 18 May 2012, Mr. Xu and the Company entered into the Call Option Agreement, pursuant to which Mr. Xu agreed to grant the Call Option to the Company and/or its nominee to acquire the Technology and intellectual property arising out of the Technology from Mr. Xu. Particulars of the Call Option Agreement are described below:

Particulars

Date	:	18 May 2012
Consideration	:	HK\$1
Nature of transaction	:	Mr. Xu granted to the Company and/or its nominee an option to acquire the Technology (which helps improve the quality of inferior coal) and the intellectual property arising out of the Technology
Exercise period	:	From 18 February 2013 to 17 August 2014
Manner of exercise	:	The Call Option may be exercised by the Company and/or its nominee at any time during the exercise period and shall be exercisable by written notice from the Company and/or its nominee to Mr. Xu
Exercise Price	:	To be determined between the Company and Mr. Xu with reference to the valuation of the fair market value of the Technology and the intellectual property arising out of the Technology

Implications under the Listing Rules

As at the date of this announcement, Mr. Xu is an executive Director and a substantial shareholder of the Company. Accordingly, the entering into of the Call Option Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Acquisition Agreement are less than 5% and the total consideration is less than HK\$1,000,000, the Call Option constitutes a *de minimis* connected transaction for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(2)(c) of the Listing Rules.

Continuing connected transaction

(i) *Licensing Agreement*

On 18 May 2012, Mr. Xu and Beijing Guochuan entered into the Licensing Agreement, pursuant to which Mr. Xu agreed to grant Beijing Guochuan and its affiliates the right to use the Technology and to enter into a sub-licensing agreement with third party for three years from the date of the Licensing Agreement. Particulars of the Licensing Agreement are described below:

Particulars

Date	:	18 May 2012
Subject matter	:	Pursuant to the Licensing Agreement, Beijing Guochuan and its affiliates have the right to: (i) use the Technology; and (ii) sub-license the Technology to third party
Term	:	18 May 2012 to 17 May 2015 (subject to early termination as provided therein including the exercise of the Call Option)
Licensing fees payable by Beijing Guochuan for the use of the Technology	:	RMB800,000 per annum, determined after arm's length negotiation
Payment terms	:	Payable in arrears at the end of each 12-month period
License fees payable by Beijing Guochuan for sub-licensing the Technology to third party	:	Beijing Guochuan and Mr. Xu will negotiate and enter into further agreement(s) regarding the detailed terms of the sub-licensing fees payable by Beijing Guochuan to Mr. Xu following entering into a sub-license agreement with third party. The Company will comply with the relevant requirements of the Listing Rules upon entry into any such further agreement(s)

Implications under the Listing Rules

As at the date of this announcement, Mr. Xu is an executive Director and a substantial shareholder of the Company. Accordingly, immediately following completion the Acquisition, the transactions contemplated under the Licensing Agreement will constitute continuing connected transactions for the Company under Chapter 14A the Listing Rules.

As the relevant applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Licensing Agreement are less than 5% and the annual consideration is less than HK\$1,000,000, the License will constitute a *de minimis* continuing connected transaction for the Company which is exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.33(3)(c) of the Listing Rules.

Reasons for entering into the Acquisition Agreement, the Call Option Agreement and the Licensing Agreement

Pak Yip is an investment holding company incorporated in the British Virgin Islands. Following completion of the Acquisition, the Company will beneficially own the entire issued share capital of Pak Yip, which in turn will hold interests in Wealth Business, Beijing Guochuan, Changchun Guochuan Energy and Huolinguole Guochuan that engage in low-rank coal upgrading, including amongst others Changchun Guochuan Energy. As at 31 December 2011, the net asset value of Wealth Business and its subsidiaries was approximately HK\$397,304.

Changchun Guochuan Energy is principally engaged in the research and development of energy technologies, management of energy contracts and the provision of consulting services for energy saving technologies. It currently operates a low-rank coal upgrading plant in Changchun, the PRC which uses the Technology to upgrade low-rank coal with an annual capacity of 500,000 tonnes of upgraded-coal. Various testings of low-rank coal delivered from different coal mines in Inner Mongolia, the PRC have shown results of an average of 60% increase in net calorific value on an ARB (an average of 3,000 Kcal/kg to 5,000 Kcal/kg) after upgrading.

According to the announcement dated 31 December 2011 published by The Ministry of Science and Technology of the PRC, the low-rank coal upgrading project undertaken by Changchun Guochuan Energy had been selected as one of the environmental projects of 2012's 863 Program. It is therefore expected that the Acquisition will further promote the Company's coal trading business and maximise the return of the Shareholders.

Save for Mr. Mak and Mr. Xu, who have abstained from voting at the Board meeting to approve the Acquisition Agreement, the Call Option Agreement and the Licensing Agreement, the Directors (including the independent non-executive Directors whose view was formed having reviewed the advice of the independent financial adviser appointed by the Company) are of the view that the terms of the Acquisition Agreement, the Call Option Agreement and the Licensing Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 18 May 2012 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares from 9:00 a.m. on 21 May 2012.

Definitions

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

“863 Program”	the State High-Technology Development Plan in the PRC (國家高技術研究發展計劃), whose objective is to promote the development of advanced technologies in the PRC;
“Acquisition”	the acquisition of the entire issued share capital of Pak Yip by Top Globe Resources;
“Acquisition Agreement”	the agreement dated 18 May 2012 entered into between Mr. Mak and Top Globe Resources in relation to the Acquisition;
“ARB”	as received basis;
“Beijing Guochuan”	Beijing Guochuan Energy New Energy Development Co., Ltd.* (北京國傳新能源開發有限公司), a limited liability company established in the PRC;
“Board”	the board of Directors;
“Call Option Agreement”	the agreement dated 18 May 2012 entered into between Mr. Xu and the Company, pursuant to which Mr. Xu has agreed to grant to the Company and/or its nominee an option to acquire the Technology and the intellectual property arising out of the Technology;
“Changchun Guochuan Energy”	Changchun Guochuan Energy Technology Development Co., Ltd.* (長春國傳能源科技開發有限公司), a limited liability company established in the PRC;
“Company”	DeTeam Company Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange;

“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Huolinguole Guochuan”	Huolinguole Guochuan New Energy Development Co., Ltd.* (霍林郭勒國傳新能源開發有限公司), a limited liability company established in the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Kcal/kg”	kilocalories per kilogram;
“Licensing Agreement”	the agreement dated 18 May 2012 entered into between Mr. Xu and Beijing Guochuan pursuant to which Mr. Xu agreed to grant Beijing Guochuan and its affiliates the right to use the Technology and to enter into sub-licensing agreement with third party for three years from the date of the agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Mak”	Mr. Mak Shiu Chung, Godfrey, an executive Director and a substantial shareholder of the Company;
“Mr. Xu”	Mr. Xu Bin, an executive Director and a substantial shareholder of the Company;
“Pak Yip”	Pak Yip Holdings Investment Limited, a company incorporated in the British Virgin Islands with limited liability;
“PRC”	the People’s Republic of China;
“Share(s)”	shares of a nominal or par value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Technology”	(1) method of upgrading the quality of lignite (PRC patent application number: 201010604379.9); (2) method of upgrading the quality of lignite with the use of fixed-bed setting under a single set equipment (PRC patent application number: 201110030702.0); (3) method that increases dehydration efficiency in a digester and implementing assembly units (PRC patent application number: 201110050055.X); (4) digester for solid material (PRC patent application number: 201110022014.X); (5) multi-effect evaporation dehydration method on solid materials (PRC patent application number: 201110022014.X); and (6) solid material evaporation dehydration digester (PRC patent application number: 201110042722.X);
“Top Globe Resources”	Top Globe Resources (China) Limited, a limited liability company incorporated in Hong Kong and is an indirect wholly owned subsidiary of the Company; and
“Wealth Business”	Wealth Business Investment Limited, a limited liability company incorporated in Hong Kong.

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

Hong Kong, 18 May 2012

As at the date of this announcement, the executive Directors are Mr. Mak Shiu Chung, Godfrey, Mr. Xu Bin, Mr. Zhang Chao Liang and Mr. Wang Hon Chen, and independent non-executive Directors are Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang.

* *For identification purposes only*