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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 INVESTMENT AGREEMENT IN RELATION TO UPGRADING OF LOW-RANK COAL

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that on 18 July 2012, Beijing Guochuan, an indirect wholly-owned subsidiary of the Company entered into the Investment Agreement with Xilinhaote City Government, pursuant to which Beijing Guochuan and the People's Government of Xilinhaote Municipality agreed to co-operate in the construction and operation of production facilities for the upgrading of low-rank coal.

The Company will keep the Shareholders and potential investors informed of any material development in connection with the investment.

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

INVESTMENT AGREEMENT

The Board is pleased to announce that on 18 July 2012, Beijing Guochuan, an indirect wholly-owned subsidiary of the Company entered into the Investment Agreement with the People's Government of Xilinhaote Municipality, pursuant to which Beijing Guochuan and the People's Government of Xilinhaote Municipality agreed to co-operate in the construction and operation of production facilities for the upgrading of low-rank coal. Construction work for the production facilities is to be carried out in two phases. Upon completion of both phases of the construction, the annual production of the production facilities is expected to be ten million tonnes of upgraded coal.

Under the Investment Agreement, Beijing Guochuan will, among other things, (a) set up a project company; (b) complete land registration and planning procedures and obtain regulatory approvals for the production facilities from the relevant PRC regulatory authorities within two months following the execution of the Investment Agreement; (c)

complete the first phase of the construction before 30 August 2013; and (d) commence the second phase of the construction before 30 April 2014. The People's Government of Xilinhaote Municipality will, among other things, (a) granting approximately 800,000 square meters of land for the construction of the production facilities at a favourable price, subject to Beijing Guochuan paying the land premium related to the land use rights; (b) co-ordinate with China Shenhua Energy Company Limited and Datang International Power Generation Company Limited and/or their respective subsidiaries and associates, as well as other coal enterprises for the long-term supply of low-rank coal to Beijing Guochuan at a favourable price; and (c) provide support to the project company to apply for tax benefits and subsidies under various new high technology-related programs in China, including the China Western Development Program.

INFORMATION ABOUT THE PARTIES AND REASONS FOR ENTERING INTO THE INVESTMENT AGREEMENT

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

Beijing Guochuan is an indirect wholly-owned subsidiary of the Company and is principally engaged in technology development as well as the provision of technology consulting and promotion services in the PRC. Pursuant to the licensing agreement dated 18 May 2012, Beijing Guochuan and its affiliates have the right to use and sub-license the patented low-rank coal upgrading technology for a three-year period up to 17 May 2015. According to an announcement published by the Ministry of Science and Technology of the PRC in 2011, the low-rank coal upgrading technology had also been selected as one of the environmental projects of 2012's 863 Program.

To the best knowledge of the Directors, Xilinhaote is a resource-rich city with total measured and indicated coal resources of approximately 33 billion tonnes. Brown coal (low-rank coal) excavated from the coal mines in Xilinhaote Municipality possesses commercially attractive characteristics such as medium ash content, low sulphur content and low phosphorus content, and coupled with its geological and depositary conditions made it favourable for open-pit production of thermal coal and chemical coal. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the People's Government of Xilinhaote Municipality is independent of the Company and its connected persons.

The Board considers that the cooperation with the People's Government of Xilinhaote Municipality will further promote the Company's coal trading and low-rank coal upgrading businesses and is in the interest of the Company and the Shareholders as a whole.

GENERAL

The proposed investment is subject to, among other things, the entering into further agreements in relation to the rights and obligations under the proposed investment and the supply of low-rank coal. The Company will keep the Shareholders and potential investors informed of any material development in connection with the construction and operation of the production facilities. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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;
“Beijing Guochuan”	Beijing Guochuan 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 and an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“China Western Development Program”	the development of infrastructure, promotion of foreign investment, ecological protection and relocation of talents and promotion of education in the western regions in the PRC (西部大開發計劃);
“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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Agreement”	the agreement dated 18 July 2012 entered into between Beijing Guochuan and the People’s Government of Xilinhaote Municipality in relation to the construction and operation of production facilities for the upgrading of low-rank coal;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

† denotes English translation of the name of a Chinese company, or vice versa, and is provided for identification purposes only

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

Hong Kong, 18 July 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.

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