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DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

- (A) PROPOSED SHARE CONSOLIDATION;
(B) PROPOSED OPEN OFFER ON THE BASIS OF
ONE (1) OFFER SHARE FOR EVERY ONE (1) CONSOLIDATED
SHARE HELD ON THE RECORD DATE;
(C) APPLICATION FOR WHITEWASH WAIVER;
(D) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND
(E) RESUMPTION OF TRADING**

Financial Adviser to the Company



PROPOSED SHARE CONSOLIDATION

The Board proposes that every five (5) Existing Shares of HK\$0.10 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.50 in the issued and unissued share capital of the Company. As at the date of this announcement, there were 1,146,192,918 Existing Shares of HK\$0.10 each in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased from the date of this announcement up to the date of the EGM, there will be 229,238,583 Consolidated Shares of HK\$0.50 each in issue which are fully paid or credited as fully paid immediately following the Share Consolidation. The authorised share capital of the Company will become HK\$1,000,000,000.00 divided into 2,000,000,000 Consolidated Shares of HK\$0.50 each.

It is proposed that following the Share Consolidation, the Consolidated Shares will continue to be traded in board lots of 4,000 Consolidated Shares. Based on the closing price of HK\$0.300 per Share on the Last Trading Day, the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$6,000.

The Share Consolidation is subject to the Shareholders' approval at the EGM and inter-conditional with the Open Offer.

PROPOSED OPEN OFFER

The Board proposes to raise approximately HK\$114.6 million, before expenses, by way of Open Offer of 229,238,583 Offer Shares at the Subscription Price of HK\$0.5 per Offer Share on the basis of one (1) Offer Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and payable in full on acceptance. The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders.

The 229,238,583 Offer Shares represent approximately 100.00% of the issued share capital of the Company prior to Completion (taking into account the Share Consolidation) and 50.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Offer Shares upon Completion.

To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and must not be a Prohibited Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar on or before 4:30 p.m. on Monday, 20 October 2014, being the Latest Lodging Date. The register of members for the Shares will be closed from Tuesday, 21 October 2014 to Friday, 24 October 2014, both dates inclusive.

The Open Offer is fully underwritten by the Underwriter, which is wholly owned by Mr. Xu, subject to the terms and conditions of the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed "Underwriting Arrangement" of this announcement.

The estimated net proceeds from the Open Offer will be approximately HK\$110 million. The Board intends to apply the proceeds from the Open Offer for (i) capital expenditures in the business development of the provision of low-rank coal upgrading services; (ii) repayment of outstanding borrowings; and (iii) general working capital.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Xu, the Underwriter and parties acting in concert with any one of them are beneficially interested in 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares), representing approximately 10.63% of the entire issued share capital of the Company. Mr. Xu directly holds 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares) and the Underwriter does not hold any Shares.

In the event that, upon Completion (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares, the Underwriter will be

required to subscribe for and take up all the underwritten shares, which will result in the total shareholding interests of Mr. Xu, the Underwriter and parties acting in concert with any one of them in the Company increasing from 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares) to 253,604,212 Consolidated Shares, representing approximately 55.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

In that case, under Rule 26.1 of the Takeovers Code, Mr. Xu, the Underwriter and parties acting in concert with any of them will be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Mr. Xu, the Underwriter and parties acting in concert with any of them as a result of the underwriting obligation in accordance with the terms of the Underwriting Agreement, unless the Whitewash Waiver is obtained from the Executive.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll which Mr. Xu, the Underwriter and the parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code shall abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Open Offer will not proceed.

If the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of Mr. Xu, the Underwriter and parties acting in concert with any of them in the Company may exceed 50% upon Completion. Mr. Xu, the Underwriter and parties acting in concert with any of them may further increase their shareholdings in the Company after Completion without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. However, any changes in the composition of the group comprising Mr. Xu, the Underwriter and parties acting in concert with any of them that effectively result in a new group being formed or the balance of the group being changed significantly, may trigger an obligation to make a general offer under Rule 26.1 of the Takeovers Code.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of the Rule 7.24(5)(a) of the Listing Rules.

Pursuant to Rule 7.26A(2) of the Listing Rules, since no excess application for the Offer Shares is available, approval shall be obtained from the Independent Shareholders by way of poll at the EGM in respect of the absence of such arrangement.

Mr. Xu, the Underwriter and parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code shall abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver to approve the resolutions at the EGM.

In addition, as at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the EGM in respect of the resolution to approve the Open Offer.

The entering into of the Underwriting Agreement between the Company and the Underwriter, which is wholly and beneficially owned by Mr. Xu, is a connected transaction under the Listing Rules. Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A(2) of the Listing Rules has been complied with, the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Huang Shao Ru, being all independent non-executive Directors, has been established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the resolutions at EGM in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver and whether they are in the interests of the Independent Shareholders, after taking into account the recommendations of the Independent Financial Adviser.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Bridge Partners has been appointed as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver. The appointment of Bridge Partners as the Independent Financial Adviser has been approved by the Independent Board Committee.

PROFIT WARNING

The Company would like to draw the attention of Shareholders to the profit warning announcement of the Company dated 4 August 2014 in relation to the expected loss attributable to the owners of the Company for the six months ended 30 June 2014 (the "Profit Warning"). Pursuant to the note to Rule 10.1 of the Takeovers Code, the procedure required by Rule 10.3(d) of the Takeovers Code in respect of the Profit Warning will be reported on by financial advisers and auditors, and under Rule 10.4 of the Takeovers Code, their reports must be included in the next document sent to the Shareholders.

As the Company is currently finalizing the interim results for the six months ended 30 June 2014 of the Company (the "Interim Results") and is expected to publish the Interim Results on 29 August 2014 and if the Interim Results are included in the circular in relation to, among others, the Open Offer and Whitewash Waiver, which is due to be despatched on or before 15 September 2014 (if not extended in accordance with the Takeovers Code), the Interim Results would fall under Rule 10.9 of the Takeovers Code and the reporting on requirement of the Profit Warning will no longer be required.

Shareholders and potential investors should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus they are advised to exercise caution in placing reliance on the Profit Warning (i) in assessing the merits and demerits of the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver and (ii) in respect of dealing in the securities of the Company.

GENERAL

A circular including, among other things, details of (i) the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the

independent board committee of the Company and the Independent Shareholders in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (iv) the Share Consolidation; and (v) a notice convening the EGM will be despatched to the Shareholders on or before 15 September 2014.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Wednesday, 30 July 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 August 2014.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

The Share Consolidation and the Open Offer are inter-conditional.

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

(A) PROPOSED SHARE CONSOLIDATION

The Board proposes that every five (5) Existing Shares of HK\$0.10 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.50 in the issued and unissued share capital of the Company. As at the date of this announcement, there were 1,146,192,918 Existing Shares of HK\$0.10 each in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased from the date of this announcement up to the date of the EGM, there will be 229,238,583 Consolidated Shares of HK\$0.50 each in issue which are fully paid or credited as fully paid immediately following the Share Consolidation. The authorised share capital of the Company will become HK\$1,000,000,000.00 divided into 2,000,000,000 Consolidated Shares of HK\$0.50 each.

The Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolutions by the Independent Shareholders at the EGM to approve the Share Consolidation and the Open Offer;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) compliance with the relevant procedures and requirements under Cayman Islands law and the Listing Rules to effect the Share Consolidation.

Listing application

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. The Share Consolidation will be conducted in accordance with the provisions in the articles of association of the Company.

It is proposed that following the Share Consolidation, the Consolidated Shares will continue to be traded in board lots of 4,000 Consolidated Shares. Based on the closing price of HK\$0.300 per Share on the Last Trading Day, the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$6,000.

Status of the Consolidated Shares

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, the Company has agreed to procure an agent to arrange for matching service on a best effort basis regarding the sale and purchase of odd lots of the Consolidated Shares. Shareholders should note that matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Further details in respect of the parallel trading arrangements (including the odd lots matching services) will be set out in the circular to be despatched to the Shareholders. The Company will bear the costs relating to the matching of sale and purchase of odd lots of the Consolidated Shares.

Reasons for the Share Consolidation

The proposed Share Consolidation will increase the nominal value of the Shares and it is expected that the Share Consolidation will lead to a corresponding upward adjustment in the trading price of the Consolidated Shares, and also reduce the total number of Shares currently in issue and as enlarged by the Open Offer upon Completion. As such, the transaction and handling costs of the Company in relation to the dealing in the Consolidated Shares and the Offer Shares are expected to be reduced, which will be beneficial to the Company. Moreover, as the market value of each board lot upon the Share Consolidation becoming effective will be higher than the market value of each existing board lot, the transaction cost as a proportion of the market value of each board lot will be lower. Accordingly, the Board (excluding members of the Independent Board Committee, being the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) is of the view that the Share Consolidation is beneficial to the Company, the Shareholders and investors as a whole.

Other than the necessary professional expenses to be incurred by the Company in relation to the Share Consolidation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the interests of Shareholders as a whole.

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation” above, and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

(B) PROPOSED OPEN OFFER

The Board proposes to raise approximately HK\$114.6 million before expenses, by way of Open Offer of 229,238,583 new Consolidated Shares at the Subscription Price of HK\$0.5 per Consolidated Share on the basis of one (1) Offer Share for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance. The aggregate nominal value of the Offer Shares is HK\$114.6 million.

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every one Consolidated Share held on the Record Date
Subscription Price:	HK\$0.500 per Consolidated Share
Number of Shares in issue as at the date of this announcement:	1,146,192,918 Existing Shares (or 229,238,583 Consolidated Shares)

Number of Offer Shares: 229,238,583 Offer Shares (assuming no new Shares being issued and no Shares being repurchased on or before the Record Date)

Number of Offer Shares underwritten by the Underwriter: 229,238,583 Offer Shares, being the total number of the Offer Shares. The Open Offer will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

The 229,238,583 Offer Shares represent approximately (i) 100.00% of the issued share capital of the Company prior to Completion (taking into account the Share Consolidation) and (ii) 50.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Offer Shares upon Completion.

The Underwriter will apply to the Executive for the Whitewash Waiver to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company which obligation would otherwise arise as a result of the underwriting obligation in accordance with the terms of the Underwriting Agreement. The Whitewash Waiver is more particularly described in the section headed “Regulatory implications” below.

The Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Monday, 20 October 2014.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Closure of register of members

The register of members will be closed from 21 October 2014 to 24 October 2014. No transfer of Shares will be registered during the book closure period.

Subscription Price

The Subscription Price is HK\$0.500 per Offer Share, payable in full on application. The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK\$0.480. The Subscription Price represents:

- (i) a discount of approximately 66.67% to the theoretical closing price of HK\$1.500 per Consolidated Share based on the closing price of HK\$0.300 per Existing Share as quoted on Stock Exchange on the Last Trading Day and adjusted for the effect of Share Consolidation;
- (ii) a discount of approximately 50.00% to the theoretical ex-entitlement price of approximately HK\$1.00 per Consolidated Share calculated based on the closing price of HK\$0.300 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 65.64% to the average of the closing prices of HK\$1.455 per Consolidated Share based on the average closing prices of HK\$0.291 per Existing Share for the last five consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iv) a discount of approximately 65.03% to the average of the closing prices of HK\$1.430 per Consolidated Share based on the average of the closing prices of HK\$0.286 per Existing Share for the last ten consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (v) a discount of approximately 79.34% to the audited net asset value per Consolidated Share of approximately HK\$2.42 based on the latest audited consolidated net asset value Group as at 31 December 2013 and the number of Shares in issue as at the date of this announcement.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the financial conditions of the Group. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding Mr. Xu who is required to abstain from voting on the Board resolutions approving the Open Offer, the Underwriting Agreement, the Share Consolidation and the Whitewash Waiver and the independent non-executive Directors who will give their views after taking into consideration of the advice of the Independent Financial Adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the registers of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries to its legal adviser as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Company will disclose the results of the enquiry in the circular and/or the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

The Prohibited Shareholders will be entitled to vote at the EGM to consider and, if thought fit, for the resolution(s) approving, among other things, the Whitewash Waiver.

No application for excess Open Offer Shares

There is no arrangement for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Open Offer, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 4,000 Shares per board lot.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date: 29 July 2014

Underwriter: Hong Kong Hang Kei

Hong Kong Hang Kei is a limited liability company incorporated in the British Virgin Islands which is wholly owned by Mr. Xu, an executive Director and the Co-chairman of the Company.

Mr. Xu holds 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares) as at the date of this announcement, representing approximately 10.63% of the issued share capital of the Company.

Number of Offer Shares underwritten: Pursuant to the Underwriting Agreement, Hong Kong Hang Kei as the underwriter has conditionally agreed to underwrite the Offer Shares of 229,238,583 which have not been taken up by the Shareholders. Accordingly, the Open Offer is fully underwritten.

Commission: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning

signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer, or
- (7) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be at its sole and absolute discretion entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Share Consolidation, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the lack of excess application arrangement in the Open Offer and the Whitewash Waiver by no later than the date on which the Prospectus for the Open Offer is despatched;
- (2) the Share Consolidation having become effective;

- (3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the date on which the Prospectus is despatched;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders of the Company and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders as defined in the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus is despatched;
- (5) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (6) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the date on which the Prospectus is despatched;
- (7) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (8) compliance with and performance of all the undertakings and obligations of the Underwriter under the terms of the Underwriting Agreement.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the Group are engaged in the manufacturing and sale of plastic woven bags, paper bags and plastic barrels, sale of coal and provision of low-rank coal upgrading services.

As disclosed in the annual report of the Company for the year ended 31 December 2013, the Group has been operating in losses for the past two years. The Group's financial and liquidity position has not been satisfactory with net current liabilities of approximately of HK\$26.5 million and HK\$27.1 million as at 31 December 2013 and 2012 respectively.

In view of the recent financial performance and positions of the Group, the Board acknowledges that it will be difficult for the Group to obtain debt financing if any, without paying an above market average interest rate. In addition, the Board considers that it is prudent to finance the Group's business growth in the form of equity financing which will not increase the costs and interest burden to the Group. The Board is of the view that the Open Offer will enable the Group to strengthen its capital base, to ease the Group's short term financial stress and to enhance its financial position and maximize the Shareholders' benefits in the long run. In addition, it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Directors (excluding Mr. Xu, who is required to abstain from voting on Board resolution approving the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver and the independent non-executive Directors who will give their views after taking into account of the advice of the Independent Financial Adviser) consider that the Share Consolidation and the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon completion of the Open Offer, the Company will receive gross proceeds of approximately HK\$114.6 million. The net proceeds to be raised from the Open Offer, which are estimated to be approximately HK\$110 million, are intended to be applied as follows:

- (i) approximately HK\$65 million will be utilised for the capital expenditures in the business development of the provision of low-rank coal upgrading services;
- (ii) approximately HK\$25 million will be utilised for the repayment of the Group's outstanding borrowings owing to independent third parties who are not the Shareholders of the Company, which are PRC trading companies independent to the Company; and
- (iii) approximately HK\$20 million will be utilised for general working capital of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date hereof and immediately after the completion of the Open Offer is set out below (after taking into account of the Share Consolidation and assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date):

	As at the date of this Announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer)	
	<i>No. of</i>	<i>Approx.</i>	<i>No. of</i>	<i>Approx.</i>	<i>No. of</i>	<i>Approx.</i>
	<i>Consolidated</i> <i>Shares</i>	<i>percentage</i>	<i>Existing</i> <i>Shares</i>	<i>percentage</i>	<i>Existing</i> <i>Shares</i>	<i>percentage</i>
Lucky Team International Limited (<i>Note 1</i>)	28,930,203	12.62%	57,860,406	12.62%	28,930,203	6.31%
Mr. Xu, the Underwriter and parties acting in concert with any of them	24,365,629	10.63%	48,731,258	10.63%	253,604,212	55.31%
Public Shareholders	<u>175,942,751</u>	<u>76.75%</u>	<u>351,885,502</u>	<u>76.75%</u>	<u>175,942,751</u>	<u>38.38%</u>
Total	<u>229,238,583</u>	<u>100.00%</u>	<u>458,477,166</u>	<u>100.00%</u>	<u>458,477,166</u>	<u>100.00%</u>

Note:

- Lucky Team is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Mak Shiu Chung, Godfrey, the Co-chairman and an executive Director of the Company.

EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 10 November 2014. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

The proposed Open Offer and Share Consolidation are inter-conditional.

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Open Offer set out below is indicative only and it has been prepared on the assumption that the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Despatch of circular with notice and proxy forms in relation to EGM for the Share Consolidation, Open Offer and Whitewash Waiver	15 September	Monday
Latest time for return of proxy form of the EGM	9:00 a.m., 4 October	Saturday
Expected date and time of the EGM	9:00 a.m., 6 October	Monday

Announcement of poll results of the EGM	6 October	Monday
Expected effective date of the Share Consolidation	7 October	Tuesday
Dealings in Consolidated Shares commence	9:00 a.m., 7 October	Tuesday
Original counter for trading in Existing Shares in board lots of 4,000 Shares temporarily closes	9:00 a.m., 7 October	Tuesday
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m., 7 October	Tuesday
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	9:00 a.m., 7 October	Tuesday
Last day of dealing in Shares on a cum-rights basis	16 October	Thursday
First day of dealing in Shares on an ex-rights basis	17 October	Friday
Latest time for lodging transfer of Shares in order to qualify for the Open Offer	4:30 p.m., 20 October	Monday
Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m., 21 October	Tuesday
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m., 21 October	Tuesday
First day of operation of odd lot trading facility	9:00 a.m., 21 October	Tuesday
Register of members of the Company closes (both dates inclusive)	21 October – 24 October	Tuesday – Friday
Record Date	24 October	Friday
Register of members of the Company re-opens	27 October	Monday
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus only)	27 October	Monday

Latest time for acceptance of and payment for the Offer Shares	4:00 p.m., 10 November	Monday
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m., 10 November	Monday
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m., 10 November	Monday
Last day of operation of odd lot trading facility	10 November	Monday
Last day for free exchange of existing share certificates for new share certificates for Consolidated Shares	4:30 p.m., 12 November	Wednesday
Latest time for the termination of the Underwriting Agreement by the Underwriter and the Open Offer becomes unconditional	5:00 p.m., 17 November	Monday
Announcement of results of acceptance of the Open Offer	19 November	Wednesday
Despatch of certificates for Offer Shares	20 November	Thursday
Commencement of dealings in Offer Shares	9:00 a.m., 21 November	Friday

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Mr. Xu, the Underwriter and parties acting in concert with any one of them are beneficially interested in 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares), representing approximately 10.63% of the entire issued share capital of the Company. Mr. Xu directly holds 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares) and the Underwriter does not hold any Shares.

In the event that, upon Completion (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares, the Underwriter will be required to subscribe for and take up all the underwritten shares, which will result in the total shareholding interests of Mr. Xu, the Underwriter and parties acting in concert with any one of them in the Company increasing from 121,828,147 Existing Shares (or 24,365,629 Consolidated Shares) to 253,604,212 Consolidated Shares, representing approximately 55.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. In that case, under Rule 26.1 of the Takeovers

Code, the Underwriter will be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and any parties acting in concert with it as a result of the underwriting obligation in accordance with the terms of the Underwriting Agreement, unless the Whitewash Waiver is obtained from the Executive.

Save for the Underwriting Agreement, Mr. Xu, the Underwriter and the parties acting in concert with any of them have not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company in the six months prior to the date of this announcement.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll which Mr. Xu, the Underwriter and the parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code shall abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Open Offer will not proceed.

The Directors (excluding Mr. Xu who is required to abstain from voting on the Board resolutions approving the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver and the independent non-executive Directors who will give their views after taking into consideration of the advice of the Independent Financial Adviser) believe that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors of the Company will first take into consideration of the advices of the Independent Financial Adviser before making recommendation as to the fairness and reasonableness of the Whitewash Waiver.

If the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of the Underwriter and parties acting in concert with it in the Company may exceed 50% upon Completion. The Underwriter and parties acting in concert with it may further increase their shareholdings in the Company after Completion without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. However, any changes in the composition of the group comprising Mr. Xu, the Underwriter and persons acting in concert with any of them that effectively result in a new group being formed or the balance of the group being changed significantly, may trigger an obligation to make a general offer under Rule 26.1 of the Takeovers Code.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of the Rule 7.24(5)(a) of the Listing Rules.

Pursuant to Rule 7.26A(2) of the Listing Rules, since no excess application for the Offer Shares is available, approval shall be obtained from the Independent Shareholders by way of poll at the EGM in respect of the absence of such arrangement.

Mr. Xu, the Underwriter and parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code shall abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver to approve the resolutions at the EGM.

In addition, as at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the EGM in respect of the resolution to approve the Open Offer.

The entering into of the Underwriting Agreement between the Company and the Underwriter, which is wholly and beneficially owned by Mr. Xu, is a connected transaction under the Listing Rules. Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A(2) of the Listing Rules has been complied with, the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Huang Shao Ru, being all independent non-executive Directors, has been established in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders as to whether the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the resolutions at EGM in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver and whether they are in the interests of the Independent Shareholders, taking into account the recommendations of the Independent Financial Adviser.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Bridge Partners has been appointed as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver. The appointment of Bridge Partners as the Independent Financial Adviser has been approved by the Independent Board Committee.

PROFIT WARNING

The Company would like to draw the attention of Shareholders to the profit warning announcement of the Company dated 4 August 2014 in relation to the expected loss attributable to the owners of the Company for the six months ended 30 June 2014 (the “Profit Warning”). Pursuant to the note to Rule 10.1 of the Takeovers Code, the procedure required by Rule 10.3(d) of the Takeovers Code in respect of the Profit Warning will be reported on by financial advisers and auditors, and under Rule 10.4 of the Takeovers Code, their reports must be included in the next document sent to the Shareholders.

As the Company is currently finalizing the interim results for the six months ended 30 June 2014 of the Company (the “Interim Results”) and is expected to publish the Interim Results on 29 August 2014 and if the Interim Results are included in the circular in relation to, among others, the Open Offer and Whitewash Waiver, which is due to be despatched on or before 15 September 2014 (if not extended in accordance with the Takeovers Code), the Interim Results would fall under Rule 10.9 of the Takeovers Code and the reporting on requirement of the Profit Warning will no longer be required.

Shareholders and potential investors should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus they are advised to exercise caution in placing reliance on the Profit Warning (i) in assessing the merits and demerits of the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver and (ii) in respect of dealing in the securities of the Company.

GENERAL

A circular including, among other things, details of (i) the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (ii) the recommendation of the independent board committee in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Share Consolidation, the Open Offer

(including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver; (iv) the Share Consolidation; and (v) a notice convening the EGM will be despatched to the Shareholders on or before 15 September 2014.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

ADDITIONAL DISCLOSURE OF INTERESTS

As at the date of this announcement, no persons had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

As at the date of this announcement, other than the Underwriting Agreement, no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and/or of the Underwriter and which might be material to the transactions contemplated under the Underwriting Agreement, the Share Consolidation, the Open Offer and/or the Whitewash Waiver.

As at the date of this announcement, save as disclosed under the section headed “Conditions of the Share Consolidation”) in this announcement and other than the Underwriting Agreement, there is no agreement, arrangement or undertaking which is conditional or dependent on completion of or otherwise connected with the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver.

As at the date of this announcement, other than the Underwriting Agreement, there are no agreements or arrangements to which Mr. Xu, the Underwriter, and the parties acting in concert with any of them or any of their respective associates is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Consolidation, the Open Offer and the transactions contemplated under the Underwriting Agreement and the Whitewash Waiver.

As at the date of this announcement, no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company have been borrowed or lent by Mr. Xu, the Underwriter or any parties acting in concert with any of them.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 30 July 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 August 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday, a Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	DeTeam Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Open Offer and the Share Consolidation
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder

“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Share Consolidation having become effective
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Hang Kei” or “Underwriter”	Hong Kong Hang Kei Company Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Xu
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	an independent board committee of the Company comprising Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Huang Shao Ru, being all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the terms of the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer) the Underwriting Agreement and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than Mr. Xu, the Underwriter and parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code to abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver to approve the resolutions at the EGM

“Independent Financial Adviser” or “Bridge Partners”	Bridge Partners Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver
“Last Trading Day”	29 July 2014, being the last trading day for the Shares immediately prior to the date of this announcement
“Latest Lodging Date”	4:30 p.m. on 20 October 2014 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares in order to be qualified for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on 10 November 2014 or such later date and/or time as the Underwriter and the Company may agree as the latest time for acceptance of, and payment for, the Offer Shares as to be set out in the Prospectus
“Latest Time for Termination”	5:00 p.m. on the fifth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed by the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. Xu Bin, an executive Director, the co-chairman of the Company
“Offer Share(s)”	229,238,583 new Consolidated Shares proposed to be offered to the Qualified Shareholders for subscription on the basis of one Offer Share for every one Consolidated Share held on the Record Date and payable in full on acceptance pursuant to the Open Offer

“Open Offer”	the proposed issue of the Offer Shares by way of open offer to the Qualified Shareholders on the terms to be set out in the Prospectus Documents and summarised therein
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the assured allotment of Offer Shares
“Prospectus Posting Date”	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Prohibited Shareholders for information only
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	24 October 2014, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	Existing Share(s) or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares of HK\$0.10 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK\$0.50 in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.500 per Consolidated Share for the Offer Shares
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 29 July 2014 entered into between the Company and the Underwriter in relation to the Open Offer
“Whitewash Waiver”	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Underwriter to make a general offer for all the issued Shares not already owned (or agreed to be acquired) by the Underwriter and parties acting in concert with it which might otherwise arise as a result of the underwriting obligation in accordance with the terms of the Underwriting Agreement
“%”	per cent.

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 8 August 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 Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Underwriter) contained in this announcement and confirm having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Underwriter) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The sole director of the Underwriter, namely, Mr. Xu Bin, accepts full responsibility for the accuracy of the information relating to the Underwriter contained in this announcement and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed by the Underwriter have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

* *for identification purposes only*