

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **DeTai New Energy Group Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**(1) MAJOR AND EXEMPTED CONNECTED TRANSACTION IN
RELATION TO THE DISPOSAL OF 49% EQUITY INTEREST IN
PERFECT ESSENTIAL HOLDINGS LIMITED;
AND
(2) NOTICE OF SGM**

A notice convening a special general meeting (the “SGM”) of the Company to be held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 16 July 2018 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

25 June 2018

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Announcement”	announcement of the Company dated 4 April 2018 in respect of the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Call Option”	the right to be granted by the Company to the Purchaser to acquire all but not part of the Option Shares and the Option Loan from the Company within six months from the First Completion Date
“Company” or “Vendor”	DeTai New Energy Group Limited (德泰新能源集團有限公司), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	the First Completion, the Second Completion, the Third Completion, the Fourth Completion and/or the Fifth Completion, and the term “Relevant Completion” shall be construed accordingly
“Completion Date”	the First Completion Date, the Second Completion Date, the Third Completion Date, the Fourth Completion Date and/or Fifth Completion Date, and the term “Relevant Completion Date” shall be construed accordingly
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the total consideration for the sale and purchase of the Sale Shares and the Sale Loans, being the amount payable by the Purchaser to the Company in accordance with the SPA
“Convertible Preference Share(s)”	the unlisted convertible preference shares of the notional value of HK\$0.168 each in the share capital of the Company which are convertible into Shares upon the exercise of the conversion rights attaching thereto
“Director(s)”	the director(s) of the Company

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“Disposal”	the proposed disposal of the Sale Shares and the Sale Loans by the Company to the Purchaser pursuant to the SPA
“Fifth Completion”	the completion the sale and purchase of the Sale Loan E in accordance with the terms and conditions of the SPA
“Fifth Completion Date”	the date falling one year from the First Completion Date (or such other date as shall be agreed in writing among the parties to the SPA), being the date of the Fifth Completion
“First Completion”	the completion the sale and purchase of the Sale Shares and the Sale Loan A in accordance with the terms and conditions of the SPA
“First Completion Date”	the date of First Completion which shall be within five Business Days after all conditions precedent set out in the SPA have been fulfilled or waived (as the case may be) (or such other date as shall be agreed in writing among the parties to the SPA)
“Fourth Completion”	the completion the sale and purchase of Sale Loan D in accordance with the terms and conditions of the SPA
“Fourth Completion Date”	the date falling nine months from the First Completion Date (or such other date as shall be agreed in writing among the parties to the SPA), being the date of the Fourth Completion
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Zhu Yongjun
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“JV Announcements”	the announcements of the Company dated 5 June 2017, 14 July 2017, 18 August 2017 and 14 November 2017 in relation to, among other things, the Formation of JV Company
“JV Company”	Zhongke International Finance Limited, a company incorporated in Hong Kong with limited liability
“Latest Practicable Date”	22 June 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2018 or such later date as the Company, the Guarantor and the Purchaser may agree in writing. If such day falls on a day which is not a business day, it shall be postponed to the next day which is a business day
“Option Deed”	the option deed in respect of the grant of the Call Option to be entered into between the Company as grantor and the Purchaser as grantee upon the First Completion
“Option Period”	the period commencing on the date of the Option Deed to a date falling six months from the date of the Option Deed
“Option Loan”	part of the Shareholder’s Loan in the amount of HK\$67,116,000 to be assigned by the Company to the Purchaser upon exercise of the Call Option
“Option Shares”	the 51 issued shares of US\$1.00 each and in the share capital of the Target Company, representing 51% of the issued share capital of the Target Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Excellent Point Asia Limited, a company incorporated in the British Virgin Islands with limited liability
“Relevant Tranche Payment”	the payment of the Consideration for the Sale Loan B, the Sale Loan C, the Sale Loan D or the Sale Loan E on the Relevant Completion Date
“Sale Loan A”	part of the Shareholder’s Loan in the amount of HK\$26,320,000 to be assigned by the Vendor to the Purchaser on First Completion
“Sale Loan B”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Vendor to the Purchaser on Second Completion
“Sale Loan C”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Vendor to the Purchaser on Third Completion

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“Sale Loan D”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Vendor to the Purchaser on Fourth Completion
“Sale Loan E”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Vendor to the Purchaser on Fifth Completion
“Sale Loans”	collectively the Sale Loan A, the Sale Loan B, the Sale Loan C, the Sale Loan D and the Sale Loan E
“Sale Shares”	the 49 issued shares of US\$1.00 each and in the share capital of the Target Company, representing 49% of the issued share capital of the Target Company as at the date of the SPA
“Second Completion”	the completion the sale and purchase of the Sale Loan B in accordance with the terms and conditions of the SPA
“Second Completion Date”	the date falling three months from the First Completion Date (or such other date as shall be agreed in writing among the parties to the SPA), being the date of the Second Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the SPA and the transactions contemplated thereunder (including but not limited to the proposed grant and exercise of the Call Option)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Company on or at any time prior to the Relevant Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on the Relevant Completion, which as at the Latest Practicable Date, amounted to HK\$131,600,000

DEFINITIONS

“Shareholders’ Agreement”	the shareholders’ agreement in agreed form to be entered into between the Company, the Purchaser and the Target Company upon the First Completion which shall set out the rights and obligations of the Purchaser and the Company
“SPA”	the sale and purchase agreement dated 4 April 2018 entered into among the Company as vendor, the Purchaser as purchaser and the Guarantor as guarantor in respect of the sale and purchase of the Sale Shares and the Sale Loans and the proposed grant of the Call Option
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Perfect Essential Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Third Completion”	the completion the sale and purchase of the Sale Loan C in accordance with the terms and conditions of the SPA
“Third Completion Date”	the date falling six months from the First Completion Date (or such other date as shall be agreed in writing among the parties hereto), being the date of the Third Completion
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.



德泰新能源集團有限公司
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

Executive Directors

Mr. Wong Hin Shek (*Chairman*)
Mr. Chi Chi Hung, Kenneth (*Chief Executive Officer*)
Mr. Shek Yat Him
Mr. Chan Wai Ki

*Head office and principal place of
business in Hong Kong:*

Suite 3301, 33/F.
The Center
99 Queen's Road Central
Hong Kong

Non-executive Director:

Mr. Chui Kwong Kau

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors

Mr. Chiu Wai On
Mr. Man Kwok Leung
Dr. Wong Yun Kuen

25 June 2018

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND EXEMPTED CONNECTED TRANSACTION IN
RELATION TO THE DISPOSAL OF 49% EQUITY INTEREST IN
PERFECT ESSENTIAL HOLDINGS LIMITED;
AND
(2) NOTICE OF SGM**

INTRODUCTION

Reference is made to the Announcement. The Board announced that on 4 April 2018 (after trading hours), the Company as vendor, the Purchaser as purchaser and the Guarantor as guarantor entered into the SPA, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company, and the Sale Loans, subject to the terms and conditions of the SPA at a total consideration of HK\$64,484,382.2.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal, the SPA and the Call Option; and (ii) notice of the SGM.

LETTER FROM THE BOARD

THE SPA

The principal terms of the SPA are summarised below:

Date:

4 April 2018 (after trading hours)

Parties:

Vendor: the Company
Purchaser: Excellent Point Asia Limited
Guarantor: Mr. Zhu Yongjun

The Purchaser is a company incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Purchaser is wholly owned by the Guarantor, who is a director of the Target Company and certain members of the Target Group. The Purchaser is therefore a connected person of the Company at the subsidiary level.

Assets to be disposed of

Pursuant to the SPA, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company, and the Sale Loans, subject to the terms and conditions of the SPA.

The Sale Loans represent 49% of the Shareholder's Loan. As at the Latest Practicable Date, the Shareholder's Loan and the Sale Loans amounted to HK\$131,600,000 and HK\$64,484,000 respectively. The principal amounts of the Shareholder's Loan and the Sale Loans are non-interest bearing.

Consideration

The total consideration for the sale and purchase of the Sale Shares and the Sale Loans shall be HK\$64,484,382.2, which shall be apportioned as follows:

- (i) the consideration for the assignment of the Sale Loan A shall be HK\$26,320,000, being the principal amount of the Sale Loan A;
- (ii) the consideration for the assignment of the Sale Loan B shall be HK\$9,541,000, being the principal amount of the Sale Loan B;
- (iii) the consideration for the assignment of the Sale Loan C shall be HK\$9,541,000, being the principal amount of the Sale Loan C;
- (iv) the consideration for the assignment of the Sale Loan D shall be HK\$9,541,000, being the principal amount of the Sale Loan D;

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- (v) the consideration for the assignment of the Sale Loan E shall be HK\$9,541,000, being the principal amount of the Sale Loan E; and
- (vi) the consideration for the transfer of the Sale Shares shall be HK\$382.2, being the par value of the Sale Shares.

The Consideration shall be payable by the Purchaser to the Company in cash in the following manner:

- (a) HK\$26,320,382.2 shall be paid to the Company within five Business Days from the date of signing of the SPA as refundable deposit under the SPA and as payment of the consideration for the Sale Shares and the Sale Loan A (the “**Deposit**”);
- (b) HK\$9,541,000 shall be paid to the Company on or before the Second Completion Date as payment of the consideration for the Sale Loan B;
- (c) HK\$9,541,000 shall be paid to the Company on or before the Third Completion Date as payment of the consideration for the Sale Loan C;
- (d) HK\$9,541,000 shall be paid to the Company on or before the Fourth Completion Date as payment of the consideration for the Sale Loan D; and
- (e) HK\$9,541,000 shall be paid to the Company on or before the Fifth Completion Date as payment of the consideration for the Sale Loan E.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser with reference to the aggregate amount of the Sale Loans as at the date of the SPA being HK\$64,484,000 and the HK\$ equivalent amount of the par value of the Sale Shares.

Conditions precedent

Each Relevant Completion is conditional upon the following conditions precedent being fulfilled or waived (as the case may be):

- (a) all the representations and warranties given by the Purchaser and the Guarantor in the SPA remaining true and correct in all material respects and not misleading;
- (b) all the representations and warranties given by the Company in the SPA remaining true and correct in all material respects and not misleading;
- (c) all necessary consents, licenses and approvals (including without limitation, any approval and/or waiver as required under the Listing Rules) required to be obtained on the part of the Company and the Target Group in respect of the SPA and the transactions contemplated thereby having been obtained and remaining in full force and effect;

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- (d) all necessary consents, licenses and approvals required to be obtained on the part of the Purchaser in respect of the SPA and the transactions contemplated thereby having been obtained and remaining in full force and effect;
- (e) the passing by the Shareholders at the SGM of an ordinary resolution to approve the SPA and the transactions contemplated thereunder (including but not limited to the grant of the Call Option pursuant to the terms of the Option Deed);
- (f) the Company having received the Deposit from the Purchaser in full; and
- (g) the parties to the SPA having agreed on the terms and form of (i) the Shareholders' Agreement which shall cover, among others, the major matters as set out in the SPA; and (ii) the Option Deed, within 10 Business Days after the signing of the SPA (the "**Agreed Date**") (or such later date as may be agreed by the parties thereto in writing).

The Company may at any time waive (in whole or in part) the condition set out in (a) above at its sole and reasonable discretion, such waiver shall be effective only if it is made in writing and notified to the Purchaser. The Purchaser may at any time waive (in whole or in part) the condition set out in (b) above at its sole and reasonable discretion, such waiver shall be effective only if it is made in writing and notified to the Company. The other conditions set out above are incapable of being waived. If the conditions set out above have not been satisfied (or as the case may be, waived by the Company or the Purchaser) on or before 5:00 p.m. on the Long Stop Date, or the condition (g) set out above has not been fulfilled on or before the date falling 10 Business Days from the date of the SPA (or such later date as may be agreed by the parties thereto in writing), the SPA shall cease and determine, and, subject to the provisions set out below, thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Pursuant to the SPA, in the event that (aa) the SPA ceases and determines in accordance with the provisions of the SPA and none of the conditions referred to in (a), (d) and (f) above remains unfulfilled (or waived by the Company in the case of condition (a)) at 5:00 p.m. on the Long Stop Date; or (bb) the SPA ceases and determines due to the occurrence of a force majeure event or the non-fulfillment of condition (g) above, the Company shall forthwith return the Deposit received by the Company without interest to the Purchaser in full within five (5) Business Days after the Long Stop Date or the date of termination of the SPA (whichever is earlier).

Pursuant to the SPA, in the event that the SPA ceases and determines in accordance with the provisions of the SPA and one or more of the conditions referred to in (a), (d) and (f) has not been satisfied (or not being waived by the Company in the case of condition (a)) at or before 5:00 p.m. on the Long Stop Date, the Company shall be entitled to forfeit the Deposit received from the Purchaser and the Company shall be entitled to retain all such amounts received from the Purchaser.

Pursuant to the SPA, in the event that the SPA ceases and determines and one or more of the conditions (b), (c) and (e) above has not been satisfied, the Company shall forthwith return to the Purchaser the Deposit received by the Company together with the interest accrued on the

LETTER FROM THE BOARD

Deposit at the rate of 12% per annum. Interest shall be calculated on the basis of the actual number of days elapsed based on a 365-day year and accrued on a daily basis for the period commencing from the date of payment of the Deposit and up to the date of the full and final settlement of the return of the Deposit and the interest accrued thereon.

As additional time is required to negotiate the terms and form in the Shareholders' Agreement and the Option Deed among the parties to the SPA, after arm's length negotiations, the Vendor, the Purchaser and the Guarantor entered into an extension letter on 19 April 2018 to extend the Agreed Date to not later than 27 April 2018 or such other date as the Vendor, the Purchaser and the Guarantor may agree in writing.

As at the Latest Practicable Date, (i) conditions (f) and (g) have been fulfilled; and (ii) the Company has no intention to waive condition (a) and the Purchaser has no intention to waive condition (b).

Undertakings by the Company before Completion

Pursuant to the SPA, the Company has undertaken to the Purchaser that, unless with the prior written consent of the Purchaser, the Company shall procure the Target Company not to (i) declare or pay any dividends to any of its shareholders; or (ii) repay the whole or part of the Shareholder's Loan from the date of the SPA up to the First Completion Date.

Working capital arrangement before the First Completion

Pursuant to the SPA, the Vendor shall provide all the working capital (the "**Vendor Contribution**") required for the operation of the Target Group by way of shareholder's loan(s) upon signing of the SPA and up to the First Completion Date.

The Purchaser has undertaken to the Company that it shall be responsible for financing the working capital requirements of the Target Group in proportion to its shareholding in the Target Company following the First Completion and shall advance a sum (the "**Purchaser Contribution**") equal to 49% of the Vendor Contribution as shareholder's loan to the Target Company within one month from the First Completion Date. The Purchaser Contribution shall be applied to repayment of the Vendor Contribution. For avoidance of doubt, the Purchaser shall not be responsible for any working capital requirement of the Group if the First Completion does not take place.

Pursuant to the SPA, each of the Company and the Purchaser has agreed and undertaken that, subject to the payment of the Purchaser Contribution in full in accordance with the SPA, if the Target Group has cash in excess of its working capital requirements at the First Completion, the Company and the Purchaser shall procure the Target Company to repay, within one month from the date of the First Completion, the whole or part of the Vendor Contribution and the Purchaser Contribution in proportion to their respective shareholding in the Target Company to the extent such repayment shall not affect the working capital level necessary to maintain the normal business operation of the Target Group. Any future repayment of any other shareholder's loans of the Target Company shall be made to the Company and the Purchaser in proportion to their respective shareholding in the Target Company.

LETTER FROM THE BOARD

Guarantee provided by the Guarantor

Pursuant to the SPA, the Guarantor has irrevocably and unconditionally guaranteed to the Vendor the due and punctual performance of the Purchaser under the SPA. The obligations of the Guarantor shall be continuing obligations and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of or any bankruptcy, winding up or analogous proceedings relating to any of the parties to the SPA.

Completion

Subject to satisfaction or waiver (as case may be) of all of the conditions precedent of the SPA, Completion shall take place at 4:00 p.m. (Hong Kong time) of the Relevant Completion Date or such other date as the parties to the SPA may agree.

Upon the First Completion, the Company will directly hold 51% equity interest of the Target Company and the Target Group will become non-wholly-owned subsidiaries of the Company. The Sale Loan A will also be assigned to the Purchaser on the First Completion Date.

The Sale Loan B will be assigned to the Purchaser on the Second Completion Date.

The Sale Loan C will be assigned to the Purchaser on the Third Completion Date.

The Sale Loan D will be assigned to the Purchaser on the Fourth Completion Date.

The Sale Loan E will be assigned to the Purchaser on the Fifth Completion Date.

Subject to the provisions of the SPA, in the event that any party fails to do anything required to be done by it on the Relevant Completion, without prejudice to any other right or remedy available to the Company, the non-defaulting party may:

- (a) defer the Relevant Completion to a day not more than 28 days after the date fixed for the Relevant Completion, and the defaulting party shall fully indemnify the non-defaulting party and keep the non-defaulting party fully indemnified in respect of all fees, costs and expenses (including legal fees) reasonably incurred by the non-defaulting party in connection with the negotiation, preparation, execution and performance of the SPA; or
- (b) proceed to the Relevant Completion so far as practicable but without prejudice to the non-defaulting party's right to the extent that the defaulting party shall not have complied with its obligations hereunder; or
- (c) rescind the SPA without liability on its part.

LETTER FROM THE BOARD

Pursuant to the SPA, in the event that the Purchaser fails to do anything required to be done by it with respect to payment of the Relevant Tranche Payment on the Relevant Completion, without prejudice to any other right or remedy available to the Company, the Company may:

- (a) defer the Relevant Completion to a day not more than 28 days after the date fixed for the Relevant Completion, and the Purchaser shall pay to the Company an amount equal to the interest accrued on the Relevant Tranche Payment at the rate of 12% per annum as liquidated damages. Interest shall be calculated on the basis of the actual number of days elapsed based on a 365-day year and accrued on a daily basis for the period commencing from the date on which the Relevant Tranche Payment becomes due and up to the date of the full and final payment of such Relevant Tranche Payment; or
- (b) rescind the SPA without liability on its part.

Security

Upon First Completion, a share charge will be created by the Purchaser in favour of the Company over 29 shares of US\$1.00 each in the share capital of the Target Company (the “**Charged Shares**”), representing 29% of the issued share capital of the Target Company, as security for the payment of the consideration of the Sale Loan B, the Sale Loan C, the Sale Loan D and the Sale Loan E. The Company shall enter into partial release of share charge in favour of the Purchaser to release 7 Charged Shares, 7 Charged Shares, 7 Charged Shares and 8 Charged Shares, upon full and final settlement of the consideration for the Sale Loan B, the Sale Loan C, the Sale Loan D and the Sale Loan E, respectively.

Grant of license for use of name

Pursuant to the SPA, the Company has undertaken with the Purchaser that the Company shall grant to the Target Group a non-exclusive and non-transferable license or permission at nil consideration to use the names of “德泰易馳” and “Detai EPS” (the “**Licensed Names**”) to conduct its business in the PRC commencing from the First Completion Date provided that the Target Group shall not use the Licensed Names in any manner which will or may, directly or indirectly, (i) compete with any business engaged by the Group from time to time; or (ii) cause any material adverse effect to the business, operations, financial conditions or prospects of the Group.

Pursuant to the SPA, the Purchaser covenants and agrees that, during the license period, it shall not and shall procure the Target Group not to commit or omit any act or pursue any course of conduct which, in the reasonable opinion of the Company, might tend to bring the Licensed Names or the Group into disrepute or use the Licensed Names in any way so as to damage the goodwill and reputation attaching thereto or in a manner likely to dilute the value or strength of the Licensed Names or the business, operations, financial conditions or prospects of the Group.

LETTER FROM THE BOARD

If the Purchaser fails to comply with the above covenants, the Company shall be entitled to terminate the above license or permission by notice in writing and the Purchaser shall be obliged to and shall procure the Target Group to cease to use the Licensed Names upon such termination. The Purchaser further agrees to fully indemnify and keep the Company and our assigns fully indemnified on demand from and against any depletion of assets, all losses, costs and expenses (including legal expenses) which the Company may incur or sustain from or in consequence of the above covenant not being correct or fully complied with except for those arising out of or in connection with the wilful default gross negligence and/or fraudulent act of the Company or its assigns.

OPTION DEED

Pursuant to the SPA, the Purchaser and the Vendor shall enter into the Option Deed upon the First Completion, pursuant to which the Vendor shall grant the Purchaser the right to acquire all but not part of the Option Shares, representing 51% of the issued share capital of the Target Company, and the Option Loan, within six months from the First Completion Date.

As at the date of the SPA and as at the Latest Practicable Date, the Option Loan amounted to HK\$67,116,000.

The principal terms of the Option Deed are set out below:

Exercise price

The exercise price (the “**Exercise Price**”) of the Call Option shall be HK\$67,116,397.8, being the principal amount of the Option Loan and the HK\$ equivalent amount of the par value of the Option Shares.

Conditions precedent

The acquisition of the Option Shares and the Option Loan upon the exercise of the Call Option will be conditional upon the following conditions:

- (a) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Option Deed and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Option Deed and the transactions contemplated thereunder having been obtained; and
- (c) the Purchaser having served the option notice on the Company.

The conditions above are incapable of being waived. If the conditions above have not been satisfied on or before 4:00 p.m. on the last Business Day within the Option Period, the Option Deed shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

SHAREHOLDERS' AGREEMENT

Upon the First Completion, the Purchaser and the Vendor shall enter into the Shareholders' Agreement in respect of the affairs (including but not limited to the operations, management and business) of, and the rights and obligations of the Purchaser and the Company with respect to their interests in, the Target Group.

The principal terms of the Shareholders' Agreement are set out below:

Board composition

Unless otherwise agreed in writing by the shareholders of the Target Company, the maximum number of directors of the Target Company holding office at any time shall be seven (7) directors.

Any shareholders of the Target Company who owns more than 50% of the issued share capital of the Target Company shall be entitled to appoint a maximum of four (4) directors to the board of directors of the Target Company, which shall constitute the majority number of the members of the board of directors of the Target Company. Any shareholder of the Target Company who owns not less than 15% but not more than 50% of the issued share capital of the Target Company shall be entitled to appoint at least one director to the board of directors of the Target Company.

The quorum for a meeting of the board of directors of the Target Company shall be two (2) directors present in person or by their alternates for the time being, one of whom shall be a nominee from the Company and one of whom shall be a nominee from the Purchaser.

The chairman of the board of directors of the Target Company shall be nominated by the Company. The chief financial officer of the Target Group shall be nominated by the Company, who shall be responsible for the financial control of the Target Group. The director nominated by the Purchaser shall be responsible for the business operation of the Target Group. Both chief financial officer and the director are responsible to the board of directors of the Target Company on the decisions made.

Funding

The working capital requirements of the Target Group will be met as the board of directors of the Target Company may from time to time resolve, including but not limited to by means of advances and credit from financial institutions and other third party sources on the most favourable terms reasonably obtainable as to interest, repayment and security, or by advances from the shareholders of the Target Company.

Any advances made by the shareholders of the Target Company shall, unless otherwise unanimously agreed between the shareholders of the Target Company, be unsecured and be in proportion to the shareholders' respective shareholdings in the Target Company at the material time when the advance(s) is/are made.

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The Target Company shall ensure that the board of directors of the Target Company shall approve and adopt an annual budget in the form agreed by the Company and the Purchaser (the “**Annual Budget**”) for the Target Group one month before the beginning of each financial year.

Matters requiring unanimous consent of the shareholders of the Target Company

The shareholders of the Target Company hereby agree that during the continuance of the Shareholders’ Agreement, no resolution of the board of directors of the Target Company or of the shareholders of the Target Company in general meeting shall be passed unless the unanimous consent of the shareholders of the Target Company is obtained and the shareholders of the Target Company shall procure the Target Group not to carry out any actions, which shall include but not limited to:

- (1) the winding-up, dissolution or liquidation of any company of the Target Group;
- (2) increase, reduce, cancel or in any way alter the authorised or issued share capital of the Target Company;
- (3) the alteration of the rights of the Company and the Purchaser as a shareholder of the Target Company;
- (4) the acquisition or disposal of any lease or any other interests in real property owned or occupied by any company of the Target Group or the creation of any mortgage or other encumbrance over such property;
- (5) the acquisition or disposal of any property or other asset of the Target Company or the creation of any charge or other encumbrance over such property or asset (save for in the ordinary and usual course of business of the Target Group);
- (6) the alteration of the composition of the board of directors of any company of the Target Group save as provided in the Shareholders’ Agreement;
- (7) the change, appointment or removal of auditors of any company of the Target Group;
- (8) the granting of any power of attorney to a person other than a director of the Target Company or delegation of directors’ powers that is out of usual authority of a director of the Target Company;
- (9) the making, declaration and payment of any dividend;
- (10) the making of any investment, capital expenditure, sale of assets, incurrence of debt or any contract obligation by the Target Group in excess of HK\$10,000,000 (whether by a single transaction or a series of related transactions) unless such investment, capital expenditure, sale of assets, incurrence of debt or any contract obligation has been specifically provided for in the Annual Budget and the business plan of the Target Group; and

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(11) the alteration of the Shareholders' Agreement.

Right of first refusal

Pursuant to the Shareholders' Agreement, if any shareholder of the Target Company proposes to sell, dispose of, or permit or suffer a transfer of the whole or any part of the shares of the Target Company held by it and registered in its name to a purchasing party (other than its affiliate(s)) by accepting a bona fide offer given by such purchasing party, the other shareholder(s) of the Target Company shall have a right of first refusal with respect to such transfer.

Undertakings by the shareholders of the Target Company

Pursuant to the Shareholders' Agreement, each shareholder of the Target Company undertakes and covenants with the other(s) that during the continuance of the Shareholders' Agreement:

- (a) it will exercise all voting rights and powers of control available to it in relation to the Target Group so as to give full effect to the terms and conditions contained in or contemplated by the Shareholders' Agreement; and
- (b) it will support and implement all necessary proposals put forward at any directors' meeting and other meetings of any company of the Target Group to enable the affairs of the Target Group to be conducted in accordance with the Shareholders' Agreement and will refrain from acting in any manner which does not accord with the provisions of the Shareholders' Agreement.

Termination

The Shareholders' Agreement may be terminated at any time by the written agreement of all shareholders of the Target Company or if any of the events set out below shall occur:

- (1) any shareholder of the Target Company ceased to be a shareholder of the Target Company and all the shares of the Target Company are owned by one shareholder of the Target Company; or
- (2) if an order is made or an effective resolution is passed or analogous proceedings are taken for the winding up of the Target Company other than for the purposes of amalgamation or reconstruction or if all or substantially all of the assets of the Target Company are expropriated or otherwise placed under the direct control of any government or if the Target Company is unable to pay its debts, makes a general assignment for the benefit of its creditors or has a receiver or manager appointed over all or a substantial part of its undertakings or assets.

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INFORMATION ON THE PURCHASER AND THE TARGET GROUP

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The principal activity of the Purchaser is investment holding.

The Target Company, Perfect Essential Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability, with an authorised share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each, of which 100 shares have been issued and is fully paid up and is legally and beneficially owned by the Company as at the Latest Practicable Date. The Target Group is principally engaged in the development, manufacturing and distribution of a fuel additive product namely EuroAd which can reduce fuel consumption and environmental impact.

FINANCIAL INFORMATION OF THE TARGET GROUP

The key financial information extracted from the annual report of Emission Particle Solution Sweden AB for the financial year ended 30 April 2016 prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual Report and Consolidated (K3) are set out below:

	For the year ended 30 April 2016 <i>SEK'000</i> (audited) (Note 1)
Revenue	7,742
Net profit before taxation	744
Net profit after taxation	744

Note 1: The Target Company completed the acquisition of the entire share capital of Emission Particle Solution Sweden AB, being part of the Target Group on 22 December 2016.

The key financial information based on the unaudited management accounts of the Target Company for the year ended 30 June 2016 are set out below:

	For the year ended 30 June 2016 <i>HK\$'000</i> (unaudited) (Note 2)
Revenue	—
Net (loss)/profit before taxation	—
Net (loss)/profit after taxation	—

Note 2: The Target Company was incorporated in the British Virgin Islands with limited liability on 29 October 2015 and was dormant as at 30 June 2016. Other subsidiaries of the Target Group except Emission Particle Solution Sweden AB were not yet incorporated before 30 June 2016.

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The key financial information based on the unaudited consolidated financial statements of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards are set out below:

	For the financial year ended 30 June 2017 <i>HK\$'000</i> (unaudited)
Revenue	3,492
Net loss before taxation	26,688
Net loss after taxation	23,555

The unaudited consolidated net liability of the Target Group as at 30 June 2017 was approximately HK\$13 million.

FINANCIAL EFFECT OF THE DISPOSAL AND THE USE OF PROCEEDS

Upon completion of the Disposal, the Group will hold 51% of the equity interest in the Target Company. As the Group will retain control in the Target Group, the Target Group will continue to be regarded as subsidiaries of the Group. From accounting perspective, the Disposal will be accounted for as a disposal of interest in subsidiaries without losing control. No gain or loss will be recognised by the Group. The difference between the consideration for the Sale Shares to be received by the Group and the proportionate net assets of the Target Group attributable to the non-controlling shareholder (i.e. the Purchaser) at the Completion Date shall be recognised in the equity of the Group.

If the Purchaser exercises the Call Option within six months from the First Completion Date, the Group will dispose of the remaining 51% of the equity interest in the Target Group to the Purchaser and the Group will cease to have any interest in the Target Group. The Target Group will not be regarded as subsidiaries of the Group on the completion date of transferring the Option Shares to the Purchaser and its financial result will no longer be consolidated into the Group's consolidated financial statements thereafter. Based on the unaudited financial information of the Target Group as at 28 February 2018 and assuming there are no substantial changes in the assets and liabilities of the Target Group until the date of exercise and completion of the Option Shares and the Option Loan under the Call Option, upon exercise and completion of the Option Shares and the Option Loan under the Call Option, (i), the estimated gain arising from the exercise and completion of the Option Shares and the Option Loan under the Call Option is expected to be approximately HK\$51 million; (ii) the total assets of the Group are expected to increase; and (iii) the total liabilities of the Group are expected to decrease. The actual gain arising from the exercise and completion of the Option Shares and the Option Loan under the Call Option will be reassessed upon the exercise of the Call Option by the Purchaser.

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The Group currently intends to use the net proceeds from the Disposal of the Sale Shares and the Sale Loans for (i) general working capital and future business development of the Target Group; and (ii) for future investment in potential new energy related business; and (iii) as general working capital of the Group.

In the event that the Purchaser exercises the Call Option, the Company will use the proceeds from the sale of the Option Shares and the Option Loan together with the proceeds from the Disposal as the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) new energy business; (ii) hotel hospitality business; (iii) provision of money lending services; (iv) trading and distribution of liquor and wine; and (v) investments in securities and funds.

Product testing with potential customers is a prerequisite for entering the energy markets in different regions. However, the time taken to carry out product testing on the customers' plants and premises was much longer than expectation due to the constraints presented in the customers' own facilities and political influences in certain countries. The prolonged product testing phase resulted in delays in placing of sales orders from the targeted potential customers. Sales was therefore unsatisfactory and did not meet the original expectation when the new energy business was acquired in 2016. In view of the loss-making records of the Target Group for the year ended 30 June 2017 and for the period ended 31 December 2017, the Directors consider that the Disposal can bring cash inflow to the Company and lower the working capital required on the part of the Company. The Purchaser is currently seeking additional financial resources to purchase the Option Shares and the Option Loan. In the event that the Purchaser has obtained sufficient financial resources, the Purchaser can, at his discretion, exercise the Call Option to acquire the Option Shares and the Option Loan. The exercise of the Call Option would enable the Company to realise the investment and operating costs incurred in the Target Group since it became subsidiaries of the Group. Therefore, the Directors believe that the Disposal would strengthen the financial position of the Group and enhance Shareholders' values.

In determining the Consideration and the Exercise Price, the Directors took into consideration the loss-making records of the Target Group as well as the consolidated net liability of the Target Group as at 30 June 2017 and 31 December 2017 being approximately HK\$13 million (unaudited) and HK\$70 million (unaudited) respectively. As almost all the investment and operating costs in the Target Group were incurred by way of shareholder's loan in the Target Company, the Purchaser has to acquire the Sale Loans at the consideration equal to the full amount of the Sale Loans when acquiring the Sale Shares. If the Call Option is exercised, the Purchaser shall acquire the Option Loan at the consideration equal to the full amount of the Option Loan when acquiring the Option Shares. The Board considers that it is fair and reasonable for the consideration for Sale Shares and the Option Shares to be their par value.

There were no potential purchasers who had approached the Company except for the Guarantor expressing his interest in acquiring the Target Group. The Guarantor, who is a director of the Target Company and certain members of the Target Group, is familiar with the

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business and operation of the Target Group. Given the prolonged product testing phase resulted in delays in sales orders and unsatisfactory results of the Target Group, the Company considered it would be difficult to find another purchaser who could offer terms better than those offered by the Guarantor and therefore did not attempt to approach other potential purchasers, if any.

The Directors (including the independent non-executive Directors) consider that the terms of the SPA are on normal commercial terms and are fair and reasonable and the SPA and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. No Director has a material interest in the SPA and the transactions contemplated thereunder and as such, no Director was required to abstain from voting on the resolution(s) to approve the SPA and the transactions contemplated thereunder at the Board meeting.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Purchaser is wholly owned by the Guarantor, who is a director of the Target Company and certain members of the Target Group. The Purchaser is therefore a connected person of the Company at the subsidiary level, and the SPA and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that (i) the Directors have approved the Disposal and the proposed grant of the Call Option; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal and the Call Option are fair and reasonable and the Disposal and the Call Option are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, such connected transaction is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as set out in the Listing Rules for the Disposal and the Call Option are more than 25% but all of them are less than 75%, the Disposal together with the proposed grant of the Call Option constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules. An SGM will be convened by the Company to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder, including the Disposal and the proposed grant of the Call Option.

The Company will seek the Shareholders' approval at the SGM for the transfer of the Option Shares and the assignment of Option Loan under the Call Option from the Company to the Purchaser when the Purchaser exercises the Call Option. The Company will comply with the relevant disclosure requirements on subsequent events in relation to the Call Option under Chapter 14 and Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of a number of conditions precedent, there is no assurance that the Disposal will be completed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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CLOSURE OF REGISTER OF MEMBERS

The SGM is scheduled to be held on Monday, 16 July 2018. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 11 July 2018 to Monday, 16 July 2018, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 10 July 2018.

SGM

A notice convening the SGM to be held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 16 July 2018 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the resolution approving the SPA and the transactions contemplated thereunder (including but not limited to the proposed grant and exercise of the Call Option).

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or at any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM, or at any adjournment thereof (as the case may be) if you so wish.

The Company has obtained an irrevocable undertaking from Mr. Tong Liang (佟亮), being the holder of 4,404,651,375 Shares (representing approximately 28.06% of the issued share capital of the Company as at the Latest Practicable Date), that, among other things, he shall vote in favour of the SPA and the transactions contemplated thereunder at the SGM.

In accordance with the Listing Rules, any Shareholder who has a material interest in the SPA shall abstain from voting on the resolution(s) to approve the SPA and the transactions contemplated thereunder at the SGM. As at the Latest Practicable Date, the Purchaser and the Guarantor and their respective associates hold 608,300,000 Shares in aggregate, representing approximately 3.9% of the issued share capital of the Company. The Purchaser, the Guarantor and their respective associates will therefore abstain from voting on the relevant resolution(s) at the SGM accordingly.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, all the proposed resolutions will be put to vote by way of poll at the SGM.

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RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the SPA and the transactions contemplated thereunder (including but not limited to the proposed grant and exercise of the Call Option) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the SPA and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
DeTai New Energy Group Limited
Wong Hin Shek
Chairman and executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for (i) each of the three years ended 30 June 2015, 2016 and 2017; and (ii) the six months ended 31 December 2017 are disclosed in the annual reports of the Company for the years ended 30 June 2015, 2016 and 2017 and the interim results announcement for the six months ended 31 December 2017, respectively. These annual reports and the interim report are published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.detai-group.com>).

2. INDEBTEDNESS

As at the close of business on 30 April 2018, being the latest practicable date for the purpose of preparing the indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of totalling approximately HK\$204,964,000, details of which are set out below:

	<i>Approximately HK\$'000</i>
Bank borrowings and overdrafts, secured	148,964
Other borrowings, unsecured	56,000

As at 30 April 2018, the Group's bank borrowings and overdrafts were secured by freehold land and buildings in Japan, certain bank balances, the entire equity interest of a subsidiary of the Group and the corporate guarantees executed by certain subsidiaries within the Group.

As at 30 April 2018, the Group's unsecured other borrowings with principal amount of HK\$56,000,000, which bear interest at 18% per annum, were guaranteed by the Company.

For the purpose of this statement of indebtedness, foreign currency amounts have been translated into HK\$ at the appropriate exchange rates prevailing as at the close of business on 30 April 2018.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, at the close of the business on 30 April 2018, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, bank overdrafts or loans or term loans, other borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or contingent liabilities.

The Directors confirm that, save as disclosed therein, there has not been any material change in the indebtedness, contingent liabilities and commitments of the Group since 30 April 2018.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Disposal, the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group is principally engaged in five business segments, (i) hotel hospitality business; (ii) provision of money lending services; (iii) new energy business; (iv) trading and distribution of liquor and wine; and (v) investments in securities and funds.

For the year ended 30 June 2017, the Group recorded a revenue of approximately HK\$44.2 million, representing an increase of about 169% over the last year. Loss for the year attributable to owners of the Company was approximately HK\$144.4 million, representing a decrease of about 71% compared to the last year. The decrease in net loss was mainly attributable to (i) the decrease in impairment loss on goodwill and intangible assets of approximately HK\$363.0 million and HK\$91.3 million respectively and (ii) the decrease in share based payment expenses of approximately HK\$39.5 million as compared to that for the corresponding year of 2016.

For the six months ended 31 December 2017, the Group recorded a revenue of approximately HK\$26.8 million, representing an increase of about 106% over the last period. Loss for the period attributable to owners of the Company was approximately HK\$65.5 million while that of last period was HK\$8.2 million. The increase in the net loss was mainly attributable to (i) the impairment loss on goodwill and intangible asset of the new energy business; (ii) the general and administrative expenses recorded from the new energy business and hotel hospitality business; and (iii) the absence of gain on derecognition of available-for-sale investments as compared to that for the corresponding period of 2016.

For the year ended 30 June 2017 and for the six months ended 31 December 2017, the Target Group recorded losses. Product testing with potential customers is a prerequisite for entering the energy markets in different regions. However, the time taken to carry out product testing on the customers' plants and premises was much longer than expectation due to the constraints presented in the customers' own facilities and political influences in certain countries. The prolonged product testing phase resulted in delays in placing of sales orders from the targeted potential customers. Sales was therefore unsatisfactory and did not meet the original expectation when the new energy business was acquired in 2016. In view of the loss-making records of the Target Group, the Directors consider that the Disposal can bring cash inflow to the Company and lower the working capital required on the part of the Company. The exercise of the Call Option would enable the Company to realise the investment and operating costs incurred in the Target Group since it became subsidiaries of the Group. As at the Latest Practicable Date, the Group has no other subsidiaries operating the new energy business apart from the Target Group. Save as aforementioned, the Group will continue to seek and explore business development opportunities in the new energy business in future. Should

there be any suitable target the Company may make investment in the new energy business by way of acquisition. As at the Latest Practicable Date, the Company did not identify any suitable target.

Hotel hospitality business is the core business of the Group which generates satisfactory income to the Group. The hotel, One Niseko Resort Towers, is located in the famous Japanese skiing destination of Niseko, Hokkaido, Japan. Niseko is one of the famous ski resort areas in Japan and is well known for its heavy light powder snow and spectacular backcountry. In recent years, Niseko has become a year round resort destination and is experiencing a rapid increase in foreign visitors and interest especially from China and South East Asia who have been responsible for popularising the resort area with the skiing/snowboarding community outside Japan. In view of the large potential growth in tourism in Japan driven by the Tokyo Olympics 2020 and the enactment of the Integrated Resort Laws in Japan, the Group is confident that the resort towers will allow the Group to achieve further diversification in our business portfolio and manage a steady income stream.

References are made to the JV announcements in relation to the formation of the JV Company. The principal activities of the JV Company are research and development, production and distribution of new energy and renewable energy, corporate management, financial services and investment and related business. The other shareholder of the JV Company is Zhongke International Capital Limited whose holding company is 中科建設開發總公司 (Bureau of Construction and Development Company) (the “**Bureau**”, together with its subsidiaries, the “**Zhongke Group**”), which is a leading national enterprise in China. In recent years, the Bureau has expanded its scope from construction and engineering into, including but not limited to, investment and financing and new energy. Given the experience of the Zhongke Group in investment and financing together with its reputation and vast business network in China market, the Group could leverage these advantages to step into financial services and investment sectors in both Hong Kong and China. It is expected that Zhongke Group will contribute more on the operation of the JV Company which will give greater flexibility in future development of the JV Company.

The money lending business provides a relatively stable income to the Group and the Group would invest more resources to expand this business in the future.

The Group will continue to identify investment and business development opportunities conservatively and seriously, to better utilise its capital to expand the scope of business, to explore potential projects and to acquire good quality assets so as to enhance its long-term return of the shareholders of the Company.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 30 June 2017, the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of Director	Capacity in which Shares/underlying Shares are held	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Approximate percentage of aggregate interest to total number of Shares in issue % (Note)
Mr. Wong Hin Shek	Beneficial owner	—	38,961,200	38,961,200	0.25
Mr. Chi Chi Hung, Kenneth	Beneficial owner	23,000,000	—	23,000,000	0.15
Mr. Chiu Wai On	Beneficial owner	—	974,030	974,030	0.01
Mr. Man Kwok Leung	Beneficial owner	—	974,030	974,030	0.01
Dr. Wong Yun Kuen	Beneficial owner	—	974,030	974,030	0.01
Mr. Chui Kwong Kau	Beneficial owner	1,980,000	—	1,980,000	0.01

Note: The percentage is calculated on the basis of 15,695,531,700 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(b) Substantial shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group were as follows:

Name of Shareholder	Capacity in which Shares/ underlying Shares are held	Number of Shares held	Number of underlying Shares held under equity derivatives	Total	Approximate percentage of aggregate interest to total number of Shares in issue % (Note)
Mr. Tong Liang	Beneficial owner	4,404,651,375	—	4,404,651,375	28.06

Note: The percentage is calculated on the basis of 15,695,531,700 Shares in issue as at the Latest Practicable Date.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses to which the Directors and his associates were appointed to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 30 June 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the sale and purchase agreement (the “**EPS Acquisition Agreement**”) dated 29 July 2016 entered into between (i) the Target Company as the purchaser and (ii) Quondino, Mr. Leslie, Juralen, Lestan, Xerigue, Rem Tene AB, Perfero AB and Per Pedes AB as the vendors (the “**EPS Vendors**”) in relation to the acquisition of the entire issued share capital of Emission Particle Solution Sweden AB, at a total consideration of SEK239,000,000;

- (b) the deed of settlement dated 26 September 2016 entered into between Mr. Lee Man Bun (“**Mr. Lee**”) and the Company, pursuant to which Mr. Lee agreed to settle his payment obligation with respect to the shortfall in the after-tax audited consolidated net profit (including net profit attributable to non-controlling interests) of Delta Prestige Holdings Limited and its subsidiaries for the financial year ended 30 June 2016 as compared to the guaranteed profit of HK\$100,000,000 pursuant to the sale and purchase agreement dated 26 April 2015 entered into between the Company and Mr. Lee by payment of an aggregate amount of HK\$100,850,000 on or before 31 March 2018;
- (c) the supplemental agreement dated 22 December 2016 entered into between the Target Company and the EPS Vendors to vary certain terms of the EPS Acquisition Agreement;
- (d) the agreement for the transfer of 651,430,000 Convertible Preference Shares dated 13 September 2016 (the “**First CPS Transfer Agreement**”) and entered into between the Company of the one part and the Guarantor and Jumbo Grand Enterprise Development Limited (“**Jumbo Grand**”) of the other part, pursuant to which (i) the Company has agreed to procure the sale of and the Guarantor has agreed to purchase 80,000,000 Convertible Preference Shares of the notional value of HK\$0.21 each in the share capital of the Company at the transfer price of HK\$0.21 per Convertible Preference Share; and (ii) the Company has agreed to procure the sale of and Jumbo Grand has agreed to purchase 571,430,000 Convertible Preference Shares at the transfer price of HK\$0.21 per Convertible Preference Share;
- (e) the placing agreement dated 6 October 2016 entered into among Castle Stream Limited, a direct wholly-owned subsidiary of the Company, as issuer, Jun Yang Securities Company Limited as the placing agent and the Company as the guarantor in relation to the placing of the three-year 5% coupon unlisted straight guaranteed bonds with an aggregate principal amount of up to HK\$100,000,000;
- (f) the agreement for the transfer of 100,000,000 Convertible Preference Shares dated 7 October 2016 and entered into between the Company of the one part and Capital Farm Limited (“**Capital Farm**”) and Jovial Sky Investments Limited (“**Jovial Sky**”) of the other part, pursuant to which (i) the Company has agreed to procure the sale of and Capital Farm has agreed to purchase 50,000,000 Convertible Preference Shares at the transfer price of HK\$0.24 per Convertible Preference Share; and (ii) the Company has agreed to procure the sale of and Jovial Sky has agreed to purchase 50,000,000 Convertible Preference Shares at the transfer price of HK\$0.24 per Convertible Preference Share;
- (g) the agreement for the transfer of 136,665,238 Convertible Preference Shares dated 28 October 2016 and entered into between the Company of the one part and Capital Farm and Jovial Sky of the other part, pursuant to which (i) the Company has agreed to procure the sale of and Capital Farm has agreed to purchase 68,332,619 Convertible Preference Shares at the transfer price of HK\$0.233 per Convertible

- Preference Share; and (ii) the Company has agreed to procure the sale of and Jovial Sky has agreed to purchase 68,332,619 Convertible Preference Shares at the transfer price of HK\$0.233 per Convertible Preference Share;
- (h) the agreement for the transfer of 350,000,000 Convertible Preference Shares dated 28 October 2016 and entered into between the Company of the one part and New Hyde Investments Limited (“**New Hyde**”) and Wolfview Limited (“**Wolfview**”) of the other part, pursuant to which (i) the Company has agreed to procure the sale of and New Hyde has agreed to purchase 175,000,000 Convertible Preference Shares at the transfer price of HK\$0.233 per Convertible Preference Share; and (ii) the Company has agreed to procure the sale of and Wolfview has agreed to purchase 175,000,000 Convertible Preference Shares at the transfer price of HK\$0.233 per Convertible Preference Share;
- (i) the loan agreement dated 20 January 2017 entered into between DeTai Finance Limited (“**DeTai Finance**”), an indirect wholly-owned subsidiary of the Company, as the lender and a corporate borrower who is an Independent Third Party relating to the granting of the term loan in the amount of HK\$20,000,000;
- (j) the sale and purchase agreement dated 25 January 2017 entered into between Noble Advantage Limited, a wholly-owned subsidiary of the Company, as the purchaser and Key Vision Holdings Limited as the vendor in relation to the acquisition of 5% equity interest of Integrated Capital Investments Limited at a consideration of HK\$35,600,000;
- (k) the deed of settlement (the “**Deed**”) dated 22 March 2017 entered into between the Guarantor and the Company for the repudiatory breach of the First CPS Transfer Agreement by the Guarantor, pursuant to which: (i) the Guarantor shall pay HK\$125,000 to the Company within 10 business days from the date of the Deed; and (ii) the Company shall release and discharge the Guarantor from all his obligations and liabilities in respect of the repudiatory breach of First CPS Transfer Agreement and from all claims and demands whatsoever arising out of or in respect of the repudiatory breach of First CPS Transfer Agreement as from the date on which the Guarantor has fully performed and discharged his obligations in (f) above;
- (l) the joint venture agreement dated 21 April 2017 entered into between 北京中聯光採科技有限公司(in English, for identification purpose only, Beijing ZhongLian GuangCai Technology Co. Ltd) and Emission Particle Solution Sweden AB in relation to the formation of joint venture company with registered capital of RMB20,000,000;
- (m) the loan agreement dated 31 May 2017 entered into between DeTai Finance as the lender and a natural person who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$16,800,000;

- (n) the joint venture agreement dated 5 June 2017 entered into between Rich Express Investment Group Limited (“**Rich Express**”) and Zhongke International Capital Limited (“**Zhongke International Capital**”) in relation to the formation of a joint venture company (the “**JV Company**”);
- (o) the amended and restated joint venture agreement (the “**Amended and Restated JV Agreement**”) dated 14 July 2017 entered into between Rich Express and Zhongke International Capital in relation to the formation of the JV Company;
- (p) the supplemental agreement dated 14 November 2017 entered into between Rich Express and Zhongke International Capital to amend the Amended and Restated JV Agreement;
- (q) the loan agreement dated 5 December 2017 entered into between DeTai Finance as the lender and a company incorporated in the British Virgin Islands who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$40,000,000;
- (r) the underwriting agreement dated 3 January 2018 (as amended and supplemented by the extension letters dated 24 January 2018, 8 March 2018 and 11 April 2018) entered into between the Company and Kingston Securities Limited in relation to the underwriting and certain other arrangements in respect of the issue of not less than 10,463,687,800 new Shares (the “**Rights Shares**”) and not more than 13,417,538,276 Rights Shares by way of rights on the basis of two (2) Rights Shares for every one (1) existing Share held by the qualifying Shareholders on the record date;
- (s) the loan agreement dated 30 May 2018 entered into between DeTai Finance as the lender and a natural person who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$16,800,000; and
- (t) the SPA.

8. MISCELLANEOUS

- (i) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) The head office and principal place of business of the Company in Hong Kong is Suite 3301, 33/F., The Center, 99 Queen’s Road Central, Hong Kong.
- (iii) The company secretary of the Company is Ms. Tsang Kwai Ping, who is a member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (v) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Suite 3301, 33/F., The Center, 99 Queen's Road Central, Hong Kong, from the date of this circular up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (iii) the annual reports of the Company for the two financial years ended 30 June 2016 and 2017;
- (iv) the interim report of the Company for the six months ended 31 December 2017; and
- (v) this circular.



德泰新能源集團有限公司
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of DeTai New Energy Group Limited (the “**Company**”) will be held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Monday, 16 July 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement dated 4 April 2018 (the “**SPA**”) entered into between the Company as vendor, Excellent Point Asia Limited as purchaser (the “**Purchaser**”) and Mr. Zhu Yongjun as the guarantor in relation to, among other matters, the sale and purchase of 49 ordinary shares of US\$1.00 each (the “**Target Shares**”) in the share capital of Perfect Essential Holdings Limited (the “**Target Company**”), representing 49% of the issued share capital of the Target Company, and part of the shareholder’s loan owing by the Target Company to the Company in the aggregate amount of HK\$64,484,000, at a total consideration of HK\$64,484,382.2 (copies of which has been produced to the Meeting marked “A” and initiated by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) the entering into of an option deed (the “**Option Deed**”) by the Company and the Purchaser in respect of the grant of the right by the Company to the Purchaser to acquire all but not part of the 51 Target Shares and part of the shareholder’s loan owing by the Target Company to the Company in the amount of HK\$67,116,000 (the “**Option Loan**”) from the Company within six months from the date of the first completion of the SPA by the Purchaser pursuant to the terms and conditions of the SPA (the “**Call Option**”) be and is hereby approved;
- (c) the transfer of the 51 Target Shares and the assignment of the Option Loan by the Company to the Purchaser upon exercise of the Call Option be and are hereby approved; and

NOTICE OF SGM

- (d) any one director of the Company be and is hereby authorised to do such acts and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the SPA and the Option Deed as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the SPA and the Option Deed and the implementation of all transactions contemplated thereunder.”

By order of the Board
DeTai New Energy Group Limited
Wong Hin Shek
Chairman and executive Director

Hong Kong, 25 June 2018

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Suite 3301, 33/F.
The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.

NOTICE OF SGM

7. The Company's register of members will be closed during the period from Wednesday, 11 July 2018 to Monday, 16 July 2018, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the Meeting. In order to be eligible to attend and vote at the Meeting, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 10 July 2018.
8. The voting at the Meeting (or any adjournment thereof) shall be taken by way of poll.