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**MEMORANDUM OF UNDERSTANDING IN RELATION TO THE
PROPOSED INVESTMENT IN THE BUSINESS OF PRODUCTION OF
BUILDING AND CONSTRUCTION MATERIALS MADE BY
RECYCLED MATERIALS**

The Board announces that on 17 September 2018 (after trading hours), the Company entered into a non-legally binding Memorandum with CMAT in relation to the Proposed Investment.

Pursuant to the Memorandum, the Company intends to conduct the Proposed Investment. CMAT agreed to procure the Corporate Reorganization such that the Target Company will become an indirect wholly-owned subsidiary of CMAT.

The Target Company is principally engaged in the business of production of building and construction materials made by recycled materials.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Investment has been entered into by the Company and CMAT as at the date of this announcement. As such, the Proposed Investment may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Proposed Investment will be made by the Company in compliance with the Listing Rules as and when appropriate.

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THE MEMORANDUM

Date: 17 September 2018 (after trading hours)

Parties: (1) the Company as one party; and
(2) CMAT as the other party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CMAT and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Memorandum, the Company intends to conduct the Proposed Investment. CMAT agreed to procure the Corporate Reorganization such that the Target Company will become an indirect wholly-owned subsidiary of CMAT.

Formal Agreement

Pursuant to the Memorandum, the Company and CMAT shall negotiate in good faith towards the other in ensuring the Formal Agreement be entered into as soon as possible and in any event, on or before the expiry of the Term.

The entering into the Formal Agreement is conditional upon, including but not limited to, (i) the Company being satisfied with the results of the due diligence review in its absolute discretion; and (ii) completion of the Corporate Reorganization such that the Target Company becomes an indirect wholly-owned subsidiary of CMAT.

The consideration and the terms for the Proposed Investment shall be negotiated between the Company and CMAT on arm's length basis and to be determined in the Formal Agreement.

Due Diligence

The Company shall and shall procure that its advisers and agents shall, forthwith upon the signing of the Memorandum perform due diligence review in relation to the Proposed Investment covering financial, legal and taxation aspects of the holding company of the Target Company, the Target Company and its subsidiaries and affiliates (if any) as it may consider appropriate. CMAT shall provide and procure the Target Company, its subsidiaries and the holding company of the Target Company and its agents to provide assistance as the Company and its advisers and agents may require with such review so as to enable the review to be completed on or before the expiry of the Term.

Exclusivity

Pursuant to the Memorandum, CMAT will not, and will procure that the Target Company and its directors, officers, employees, representatives and agents will not, directly or indirectly, for the period before the expiry of the Term (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the

investment in the Target Business or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company. If the Target Company or CMAT receive any such inquiry or offer, CMAT will promptly notify the Company.

Term

The Memorandum will remain in effect during the Term unless the Company gives a written notice to CMAT of its intention to abandon further negotiations, or until superseded by the execution of the Formal Agreement in relation to the transaction contemplated thereunder, whichever is the earlier. In the event that any of the due diligence review is unable to be completed on or before the expiry of the Term, the parties thereto shall mutually agree to extend the Term for a further period of up to 90 days.

Upon expiry of the Memorandum, the parties thereto shall have no further rights or obligations thereunder, save for any antecedent breaches of the binding provisions.

INFORMATION OF THE TARGET COMPANY

The Target Company was established in the PRC with limited liability. Upon completion of the Corporate Reorganization, the Target Company will be an indirect wholly-owned subsidiary of CMAT. The Target Company is principally engaged in the business of production of building and construction materials made by recycled materials.

REASONS FOR THE PROPOSED INVESTMENT

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.

Environmental protection is supported by the PRC government policies and initiatives. The Group is of the view that the proposed investment in the environmental and eco-friendly business of production of building and construction materials made by recycled materials represents a good opportunity to enhance the Group's competitiveness to explore return to the Shareholders.

In consideration of the above, the Directors are of the view that the terms of the Memorandum are fair and reasonable and the Proposed Investment is in the interests of the Company and Shareholders as a whole.

GENERAL

The Memorandum does not constitute legally-binding commitment in respect of the Proposed Investment. The Proposed Investment is subject to, among others, the execution and completion of the Formal Agreement.

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Further announcement in respect of the Proposed Investment will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“CMAT”	CMAT Holdings Limited, a company incorporated in Hong Kong with limited liability
“Company”	DeTai New Energy Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Reorganization”	corporate reorganization of the Target Company such that the Target Company will become an indirect wholly-owned subsidiary of CMAT
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between CMAT and the Company in relation to the Proposed Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding memorandum of understanding dated 17 September 2018 and entered into between the Company and CMAT setting out the preliminary understanding in relation to the Proposed Investment
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Proposed Investment”	the proposed investment by the Company in a business of production of building and construction materials made by recycled materials owned by the Target Company as contemplated under the Memorandum
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder”	the holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中材建築科技有限公司 (Zhongcai Building Materials and Technology Company Limited*), a company established in the PRC with limited liability
“Term”	90 days after the signing date of the Memorandum (or such longer period as the parties may mutually agree to in writing)
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

* *for identification purposes only*

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

Hong Kong, 17 September 2018

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Ki and Mr. Zhou Danqing; the non-executive Director is Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.