

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

**DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTION
IN RELATION TO THE DEED OF SETTLEMENT
AND
VARIATION OF TERMS OF
MAJOR AND EXEMPTED CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF 49% EQUITY INTEREST IN
PERFECT ESSENTIAL HOLDINGS LIMITED**

Reference is made to the announcements of DeTai New Energy Group Limited (the “**Company**”) dated 4 April 2018, 26 April 2018, 11 May 2018, 8 June 2018, 16 July 2018, 18 July 2018, 18 October 2018, 31 October 2018, 16 January 2019, 27 February 2019 and 17 April 2019 and the circular of the Company dated 25 June 2018 in respect of the Disposal (the “**Circular**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

As disclosed in the Circular and the announcements of the Company dated 18 October 2018 and 27 February 2019, the Company, the Purchaser and the Guarantor entered into (i) the first extension letter on 19 April 2018 to amend certain terms of the SPA (the “**First Extension Letter**”), (ii) the second extension letter on 18 October 2018 to extend the Second Completion Date to not later than 31 October 2018 (or such other date as the Company, the Purchaser and the Guarantor may agree in writing) (the “**Second Extension Letter**”), and (iii) the third extension letter on 27 February 2019 to extend the Third Completion Date to not later than 17 April 2019 (or such other date as the Company, the Purchaser and the Guarantor may agree in writing) (the “**Extended Third Completion Date**”) and the Purchaser undertook to pay to the Company the third tranche payment together with the interest accrued (the “**Extension Interest**”) on the third tranche payment at the rate of 12% per annum on or before the Extended Third Completion Date for the period commencing from the date of the original Third Completion Date (i.e. 17 January 2019) and up to the date of the full and final settlement of the third tranche payment (the “**Third Extension Letter**”, together with the First Extension Letter and the Second Extension Letter, the “**Extension Letters**”).

Pursuant to the terms of the SPA (as amended and supplemented by the Extension Letters), the Purchaser is obliged to pay to the Company the following amount for the Sale Loan C, the Sale Loan D and the Sale Loan E in the following manner:

- (a) HK\$9,541,000 payable on or before the Extended Third Completion Date as payment of the consideration for the Sale Loan C;
- (b) HK\$9,541,000 payable on or before the Fourth Completion Date as payment of the consideration for the Sale Loan D;
- (c) HK\$9,541,000 payable on or before the Fifth Completion Date as payment of the consideration for the Sale Loan E; and
- (d) the Extension Interest payable on or before the Extended Third Completion Date.

In addition under the terms of 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 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.

As disclosed in the announcement of the Company dated 17 April 2019, (i) on 17 April 2019, the Company did not receive the relevant instalments of the consideration for the Third Completion and the Fourth Completion and the Third Completion and the Fourth Completion did not take place; and (ii) the Company has received a notice from the Purchaser that the Purchaser was considering the possibility of not proceeding with the Third Completion, the Fourth Completion and the Fifth Completion.

The Board announces that on 15 July 2019 (after trading hours), the Company, the Purchaser and the Guarantor entered into a deed of settlement (the “**Deed of Settlement**”) to set out the terms and conditions for the settlement of the payment obligations and liabilities of the Purchaser under the Third Completion, Fourth Completion and Fifth Completion.

THE DEED OF SETTLEMENT

The principal terms of the Deed of Settlement are summarised below:

Date

15 July 2019

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 date of this announcement, the Purchaser holds 49% of the issued share capital of the Target Company and 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.

Terms of settlement

As at the date of the Deed of Settlement, the Target Company is owned as to 51% by the Company and 49% by the Purchaser. However, the Purchaser has only acquired 27.25% of the Shareholder's Loan under the First Completion and the Second Completion. As part of the settlement, the Purchaser shall transfer 21.75% of the then issued share capital of the Target Company to the Company so that the remaining shareholding of the Purchaser in the Target Company is in proportion to its 27.25% interest in the Shareholder's Loan.

As at the date of the Deed of Settlement, apart from the Sale Loans, the Purchaser has further advanced HK\$2,750,739.46 (the "**Purchaser's SH Loan**") and the Company has advanced HK\$2,863,014.54 to the Target Company to finance the working capital requirements of the Target Group in proportion to the Purchaser's 49% and the Company's 51% interest in the Target Company. If the shareholding of the Purchaser in the Target Company reduces to 27.25%, the Purchaser shall assign part of the Purchaser's SH Loan in the amount of HK\$1,220,991.50 (the "**Assigned Amount**") to the Company to maintain the proportion.

For the settlement of the obligations and liabilities of the Purchaser under the Third Completion, Fourth Completion and Fifth Completion of the SPA (as amended and supplemented by the Extension Letters) (the "**Settlement**"), the Purchaser and the Guarantor irrevocably and unconditionally undertake to pay to the Company that upon the completion of the Settlement (the "**Settlement Completion**"), (i) the Purchaser shall transfer 21.75% of the issued share capital of the Target Company to the Company and assign the Assigned Amount at the consideration (the "**Assigned Amount Consideration**") equal to the Assigned Amount; (ii) the Purchaser shall pay to the Company the sum of HK\$1,220,991.50 (the "**Settlement Amount**") by way of set-off against the Assigned Amount Consideration on a dollar-for-dollar basis; and (iii) the Guarantor shall enter into a service agreement (the "**Service Agreement**") with the Company as a consultant of the Target Group for a service fee of HK\$1 for the whole term.

Condition precedent

The Settlement shall be conditional upon and subject to the passing of the Shareholders at a special general meeting of the Company to be convened and held of an ordinary resolution to approve the Deed of Settlement and the transactions contemplated thereunder (the "**Condition Precedent**").

The Condition Precedent is incapable of being waived. If the Condition Precedent has not been fulfilled on or before 5:00 p.m. on 30 September 2019 (or such later date as agreed by the parties thereto in writing), the Deed of Settlement shall cease and determine.

Settlement Completion

Upon compliance with or fulfilment of the Condition Precedent, the Settlement Completion shall take place at 4:00 p.m. on a date within five Business Days after the fulfilment of the Condition Precedent, or such other time and place as the parties thereto may mutually agree.

Subject to the full performance of the obligations by the Purchaser under the Deed of Settlement, upon the Settlement Completion,

- (a) the Company shall irrevocably and unconditionally release and discharge the Purchaser and the Guarantor from all its payment obligations and liabilities under the SPA (as amended and supplemented by the Extension Letters) and from all claims and demands whatsoever arising out of or in respect of or under the SPA (as amended and supplemented by the Extension Letters) (including but not limited to the payment of the third tranche payment, the Extension Interest, the fourth tranche payment and the fifth tranche payment) as from the date on which the Purchaser has fully performed and discharged its obligations under the Deed of Settlement; and
- (b) the Company shall irrevocably and unconditionally release the remaining 22 Charged Shares under a share charge executed by the Purchaser in favour of the Company over 29 shares of the Target Company (of which 7 Charged Shares were already released at the Second Completion) 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 “**Share Charge**”) and absolutely discharge of and from the Share Charge and of and from all principal, interest and other monies thereby secured and all claims and demands for or in respect of the same or in anywise relating thereto, as from the date on which the Purchaser has fully performed and discharged its obligations under the Deed of Settlement.

Immediately after the Settlement Completion, the Purchaser and the Company will hold 27.25% and 72.75% of the issued share capital of the Target Company respectively.

Condition subsequent

The Guarantor shall fully comply with the terms of the Service Agreement. If, at any time, so long as the Group has any shareholding interest in the Target Group and/or the Target Group is owing any debt to the Group, the Guarantor is unable to fully comply with the terms of the Service Agreement or terminates the Service Agreement without the Target Company’s prior written consent (except the Service Agreement is terminated (a) by notice in writing by the Guarantor if the Target Company enters into compulsory or voluntary liquidation (other than for the purpose of effecting a reconstruction or amalgamation in such manner that the company resulting from such reconstruction or amalgamation if a different legal entity shall agree to be bound by and assume the obligations of the relevant party under the Service Agreement) or compounds with or convenes a meeting of its creditors or has a receiver or manager or an administrative receiver or an administrator appointed of its material assets or ceases for any reason to carry on its business in a material respect; or (b)

by the Guarantor after the initial period of 2 years following the date of the Service Agreement by giving not less than three months' notice in writing in advance to the Target Company),

- (i) the Deed of Settlement shall cease and determine and all provisions under the Deed of Settlement shall be null and void; and
- (ii) the Guarantor shall fully indemnify the Company and keep the Company fully indemnified against all fees, costs, expenses, loss and damages incurred by the Company in connection with the cessation and determination of the Deed of Settlement and the non-fulfilment of the obligations and liabilities of the Purchaser and the Guarantor under the Third Completion, the Fourth Completion and the Fifth Completion pursuant to the terms of the SPA (as amended and supplemented by the Extension Letters).

If the Deed of Settlement is ceased and determined pursuant to the condition subsequent set out above, all of the rights of the Company and the obligations and liabilities of the Purchaser and the Guarantor in respect of the Third Completion, the Fourth Completion and the Fifth Completion under the SPA (as amended and supplemented by the Extension Letters) shall remain in full force and effect. The Vendor, the Purchaser and the Guarantor agree that the 21.75% of the issued share capital of the Target Company transferred from the Purchaser to the Company pursuant to the Settlement Completion will not be transferred back to the Purchaser and the Purchaser shall have no right, interest and title in and to such 21.75% of the issued share capital of the Target Company absolutely in the event that the Deed of Settlement is ceased and determined.

Terms of the Service Agreement

Pursuant to the Service Agreement, the Guarantor agreed to be the consultant of the Target Company at a service fee of HK\$1 for the term commencing from the date of the Service Agreement until termination. Pursuant to the Service Agreement, the Guarantor agreed to provide consultancy services to the Target Company, including but not limited to (a) serve the Target Company in the capacity of a consultant with such responsibilities and duties as assigned by the Target Company with regard to the operations of the Target Group and the development and expansion of its business; (b) devote his attention and abilities to provide advice on the business of the Target Group and use his best endeavours to promote the business interests and welfare of the Target Group; and (c) assist in the review and preparation of annual budgets, operational plans and policies of the Target Group.

The Service Agreement may be determined by notice in writing by either party (a) if the other party commits a material breach of the Service Agreement; or (b) if the Target Company enters into compulsory or voluntary liquidation (other than for the purpose of effecting a reconstruction or amalgamation in such manner that the company resulting from such reconstruction or amalgamation if a different legal entity shall agree to be bound by and assume the obligations of the relevant party under the Service Agreement) or compounds with or convenes a meeting of its creditors or has a receiver or manager or an administrative receiver or an administrator appointed of its material assets or ceases for any reason to carry on its business in a material respect. Notwithstanding any provisions therein, the Service Agreement may be terminated (i) by the Guarantor after the initial period of 2

years following the date of the Service Agreement by giving not less than three months' notice in writing in advance to the Target Company; or (ii) by the Target Company at any time by giving not less than 7 days' notice in writing in advance to the Guarantor.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE DEED OF SETTLEMENT

The Group is principally engaged in hotel hospitality business, provision of money lending services, new energy business, trading and distribution of liquor and wine and investments in funds.

If 12% per annum interest is accrued on the outstanding consideration payable for the Third Completion and the Fourth Completion for the period from the respective completion date to the date of the Settlement Agreement, the total amount of the interest is HK\$840,653.59 as at 15 July 2019 (the "**Accrued Interest**"). No interest is accrued on the outstanding consideration payable for the Fifth Completion as at the date of the Deed of Settlement since the agreed date of the Fifth Completion is 17 July 2019 under the SPA.

The Guarantor is assisting the general manager of the operating PRC subsidiary of the Target Group to execute its business plan. He is also responsible for the management of the sales team of the Target Group as well as maintaining the relationship with the current customers of the Target Group and developing new customers. The Company hopes to secure the operating support of the Guarantor so as to leverage his experience, expertise and relationship and connections in the industry to ensure greater future business success of the Target Group and wishes to avoid the lengthy dispute with the Purchaser and the Guarantor which would affect the Target Group's future operation so as to spend all efforts to develop the business of the Group.

Taking in account the above and that (i) the Purchaser has already paid HK\$35,861,382.2 to the Company under the First Completion and the Second Completion; (ii) the Purchaser has agreed to pay HK\$1,220,991.50 to the Company which is equal to the Assigned Amount and more than the Accrued Interest; and (iii) the Guarantor has agreed to be the consultant of the Target Group for at a service fee of HK\$1 for the entire term, the Directors (including the independent non-executive Directors) consider that the terms of the Deed of Settlement are on normal commercial terms and are fair and reasonable and the Deed of Settlement 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 Deed of Settlement and the transactions contemplated thereunder and as such, no Director was required to abstain from voting on the resolution(s) to approve the Deed of Settlement and the transactions contemplated thereunder at the Board meeting.

LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Settlement constitutes material variation of the terms of the Disposal previously announced under the Circular.

As at the date of this announcement, the Purchaser holds 49% of the issued share capital of the Target Company and 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 Deed of Settlement 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 Deed of Settlement; and (ii) the independent non-executive Directors have confirmed that the terms of the Deed of Settlement are fair and reasonable and the Deed of Settlement 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 relevant percentage ratios under the Listing Rules in respect of the Deed of Settlement are more than 5% but are less than 25%, the Deed of Settlement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the Deed of Settlement constitutes material variation of the terms of the Disposal previously approved by the Shareholders, a special general meeting (the "SGM") will be convened by the Company to seek the Shareholders' approval of the Deed of Settlement and the transactions contemplated thereunder.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Deed of Settlement shall abstain from voting on the resolution(s) to approve the Deed of Settlement and the transactions contemplated thereunder at the SGM. The Purchaser, the Guarantor and their respective associates shall abstain from voting on the relevant resolution(s) at the SGM accordingly. As at the date hereof, the Purchaser, the Guarantor and their respective associates hold 8,300,000 Shares, representing approximately 0.05% of the issued ordinary share capital of the Company.

GENERAL

The circular containing, among other things, (i) further details in relation to the Deed of Settlement and the transactions contemplated thereunder; (ii) other information as required by the Listing Rules; and (iii) the notice convening the SGM together with the proxy form in respect of the SGM, is expected to be despatched to the Shareholders on or before 5 August 2019.

Shareholders and potential investors of the Company should note that Settlement Completion is subject to the fulfillment of the Condition Precedent, there is no assurance that the Settlement will be completed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

Hong Kong, 15 July 2019

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. Chan Wing Kit; 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.