

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer 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 with the enclosed forms of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 6 to 16 of this circular.

A notice convening the SGM to be held on Thursday, 14 November 2019 at 10:30 a.m. at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the office of the share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less 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 shall not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should you so desire.

25 October 2019

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	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 Extended Third Completion Date, the Fourth Completion Date and/or the Fifth Completion Date, and the term “Relevant Completion Date” shall be construed accordingly
“connected person”	has the meaning ascribed to it in the Listing Rules
“Deed of Settlement”	the deed of settlement entered into among the Company, the Purchaser and the Guarantor dated 15 July 2019 (as amended and supplemented by the extension letter) setting out the terms and conditions for the settlement of the payment obligations and liabilities of the Purchaser under the Third Completion, the Fourth Completion and the Fifth Completion
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Loans by the Company to the Purchaser pursuant to the SPA

## DEFINITIONS

“Extended Third Completion Date”	not later than 17 April 2019 (or such other date as the Company, the Purchaser and the Guarantor may agree in writing), being the date of the Third Completion in accordance with the terms of the Third Extension Letter
“Extension Letters”	collectively, the First Extension Letter, the Second Extension Letter and the Third Extension Letter, and where the context requires, can mean any one of them
“Fifth Completion”	the completion of 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 of the sale and purchase of the Sale Shares and the Sale Loan A in accordance with the terms and conditions of the SPA, which took place on 18 July 2018
“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)
“First Extension Letter”	the first extension letter dated 19 April 2018 and entered into among the Company, the Purchaser and the Guarantor to extend the date to agree on the terms and form of the shareholders’ agreement and the option deed
“Fourth Completion”	the completion of 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 People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons

## DEFINITIONS

“Latest Practicable Date”	22 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 in accordance with the terms and conditions of the SPA
“Sale Loan A”	part of the Shareholder’s Loan in the amount of HK\$26,320,000 assigned by the Company to the Purchaser on First Completion pursuant to the terms of the SPA
“Sale Loan B”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 assigned by the Company to the Purchaser on Second Completion pursuant to the terms of the SPA
“Sale Loan C”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Company to the Purchaser on Third Completion pursuant to the terms of the SPA
“Sale Loan D”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Company to the Purchaser on Fourth Completion pursuant to the terms of the SPA
“Sale Loan E”	part of the Shareholder’s Loan in the amount of HK\$9,541,000 to be assigned by the Company to the Purchaser on Fifth Completion pursuant to the terms of the SPA
“Sale Loans”	collectively the Sale Loan A, the Sale Loan B, the Sale Loan C, the Sale Loan D and the Sale Loan E

## DEFINITIONS

“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 of the sale and purchase of the Sale Loan B in accordance with the terms and conditions of the SPA, which took place on 31 October 2018
“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
“Second Extension Letter”	the second extension letter dated 18 October 2018 and entered into among the Company, the Purchaser and the Guarantor 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)
“Service Agreement”	has the meaning ascribed to it under the paragraph headed “Terms of settlement” in the section headed “The Deed of settlement” in the letter from the Board of this circular
“SGM”	the special general meeting of the Company to be convened and held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong at 10:30 a.m. on Thursday, 14 November 2019 for the Shareholders to consider and, if thought fit, approve, among others, the Deed of Settlement and the transactions contemplated thereunder (including but not limited to the entering into of the Service Agreement)
“Shares”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“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 22 June 2018 (being the latest practicable date of the circular of the Company dated 25 June 2018 in relation to the special general meeting of the Company approving, among others, the SPA), amounted to HK\$131,600,000

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“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, among others, the sale and purchase of the Sale Shares and the Sale Loans
“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 non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“Target Group”	the Target Company and its subsidiaries
“Third Completion”	the completion of 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
“Third Extension Letter”	the third extension letter dated 27 February 2019 and entered into among the Company, the Purchaser and the Guarantor to extend the Third Completion Date to the Extended Third Completion Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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. Chan Wai Ki

*Non-executive Director:*

Mr. Chui Kwong Kau

*Independent non-executive Directors:*

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

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

Room 2702, 27th Floor  
China Resources Building  
26 Harbour Road  
Wan Chai, Hong Kong

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

25 October 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) VARIATION OF TERMS OF  
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 announcements of 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, 17 April 2019 and 15 July 2019 and the circular of the Company dated 25 June 2018 in respect of the Disposal (the “**2018 Circular**”).

As disclosed in the 2018 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; (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); 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



## LETTER FROM THE BOARD

Company, the Purchaser and the Guarantor may agree in writing) 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.

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 therefore, 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.

As disclosed in the announcement of the Company dated 15 July 2019, on 15 July 2019, the Company, the Purchaser and the Guarantor entered into 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, the Fourth Completion and the Fifth Completion.

As disclosed in the announcement of the Company dated 14 October 2019, the Company, the Purchaser and the Guarantor entered into an extension letter (the “**Extension Letter**”) to extend the Long Stop Date (as defined below) to 30 November 2019 (or such later date as agreed by the parties thereto in writing).

The purpose of this circular is to provide you with, among others, (i) details of the Deed of Settlement; (ii) financial information of the Group; and (iii) notice of the SGM.

## LETTER FROM THE BOARD

### THE DEED OF SETTLEMENT

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

#### Date

15 July 2019 (as amended and supplemented by the extension letter)

#### Parties

Vendor: the Company

Purchaser: Excellent Point Asia Limited

Guarantor: Mr. Zhu Yongjun

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, 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, the Fourth Completion and the 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 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 of HK\$1,220,991.50 (the "**Assigned Amount Consideration**"); (ii) the Purchaser shall pay to the Company the sum of HK\$1,220,991.50 (the "**Settlement Amount**"),

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which is equal to the amount of the Assigned Amount Consideration and shall be satisfied by way of set-off against the Assigned Amount Consideration payable by the Company to the Purchaser on a dollar-for-dollar basis; and (iii) the Guarantor shall enter into a service agreement (the “**Service Agreement**”) with the Target Company as a consultant of the Target Group for a service fee of HK\$1 for the whole term. Given that (i) the Assigned Amount Consideration payable by the Company to the Purchaser; and (ii) the Settlement Amount payable by the Purchaser to the Company will be set off against each other, there will not be any actual fund flow between the Company and the Purchaser in relation to the Deed of Settlement and the transactions contemplated thereunder.

Immediately after Settlement Completion, the Target Company will be (i) owned as to 72.75% by the Company and as to 27.25% by the Purchaser; (ii) indebted to the Company in the amount of HK\$99,823,006.035, representing 72.75% of the aggregate amount indebted by the Target Company to the Company and the Purchaser; and (iii) indebted to the Purchaser in the amount of HK\$37,390,747.965, representing 27.25% of the aggregate amount indebted by the Target Company to the Company and the Purchaser.

### **Condition precedent**

The Settlement shall be conditional upon and subject to the passing of the Shareholders at the SGM of an ordinary resolution to approve the Deed of Settlement and the transactions contemplated thereunder (including but not limited to the entering into of the Service Agreement) (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 November 2019 (or such later date as agreed by the parties thereto in writing) (the “**Long Stop Date**”), 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

## LETTER FROM THE BOARD

- (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), including but not limited to the obligations of the Purchaser to pay the Relevant Tranche Payment for the Third Completion, the Fourth Completion and the Fifth Completion and the

## LETTER FROM THE BOARD

default interest accrued thereon from the Relevant Completion Date up to the date of the full and final settlement of the Relevant Tranche Payment at an interest rate to be adjudicated by the court, shall remain in full force and effect. The Company, 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. In the event that the Deed of Settlement is ceased and determined, (i) the Company will not transfer the Assigned Amount back to the Purchaser; and (ii) the Company will apply the Settlement Amount which was deemed to have been paid by the Purchaser towards satisfaction of part of the possible claims by the Company against the Purchaser under the SPA.

### 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.

As at the Latest Practicable Date, the Guarantor is a director of the Target Company and certain members of the Target Group. While acting as a director would have a larger role and responsibility in the Target Group than merely acting as a consultant, which includes but not limited to being responsible for the management of the Target Group, pursuant to the shareholders' agreement (the "**Shareholders' Agreement**") dated 17 July 2018 and entered into among the Company, the Purchaser and the Target Company, among others, any shareholder who owns not less than 15% and not more than 50% of the issued share capital of

## LETTER FROM THE BOARD

the Target Company (i) shall be entitled to appoint at least one director of the Target Company; and (ii) shall be entitled at any time by notice in writing to the Target Company to require the removal or substitution of any director appointed by it. In the event that the Purchaser disposes of some of its equity interest in the Target Company to the extent that it will cease to hold not less than 15% of issued share capital of the Target Company, the Purchaser will no longer have the right to appoint any director to the Target Company, and the Guarantor may no longer remain as a director of the Target Company and/or other members of the Target Group. Given the importance in retaining the service of the Guarantor to the Target Company as set out in the section headed “Reasons for and benefits of entering into of the Deed of Settlement” below and in light of the appointment right under the Shareholders’ Agreement as set out above, the Guarantor and the Target Company proposed to enter into the Service Agreement with a view to secure the service of the Guarantor to the Target Company as a consultant for an initial fixed term of two years commencing from the date of the Service Agreement, subject to the termination rights under the Service Agreement as set out above.

### FINANCIAL INFORMATION OF THE TARGET GROUP

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:

	<b>For the financial years ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Revenue	6,409	7,737
Net loss before taxation	30,063	146,296
Net loss after taxation	27,099	107,603

The unaudited consolidated net liability of the Target Group as at 30 June 2019 was approximately HK\$153 million.

### FINANCIAL EFFECTS OF THE SETTLEMENT

By entering into the Deed of Settlement and upon Settlement Completion, the Group will hold 72.75% of the equity interest in the Target Company. The Target Group will continue to be regarded as subsidiaries of the Group. From accounting perspective, the Settlement would be accounted for as the transaction with non-controlling interests. No gain or loss will be recognised by the Group. The difference arising from the transaction with non-controlling interests will be recognised in the equity of the Group.



## LETTER FROM THE BOARD

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

The Group is principally engaged in (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 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 Deed of Settlement, 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 obtained his undergraduate degree from Hunan University in 1989 and a master degree of business administration in Peking University in the PRC in 2005.

The Guarantor started his career in the field of environmental protection in 2001 and has accumulated over 17 years of experience in the management, business development and strategic investment in the industry. As at the Latest Practicable Date, the Guarantor is (i) the chairman of the board and an executive director of New Concepts Holdings Limited (Stock code: 2221), the principal activities of which include, among others, environmental protection projects including kitchen waste treatment, industrial water treatment and strategic investments in environmental protection related projects; and (ii) an executive director of China Water Industry Group Limited (Stock code: 1129), the principal activities of which include (a) provision of water supply and sewage treatment service; (b) construction of water supply and sewage treatment infrastructure; and (c) exploitation and sale of renewable energy in the PRC, the issued shares of each of them are listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, the Guarantor is also the chairman of the board of Josab Water Solutions AB, a company incorporated under the laws of Sweden and principally engaged in the development of ecological water purification solutions, the issued shares of which are listed on the Spotlight Stock Market, a stock exchange in Sweden.

The Guarantor was an executive director of EverChina Int’l Holdings Company Limited (formerly known as Interchina Holdings Company Limited) (Stock Code: 202) from May 2008 to February 2013, during such period its principal activities include, among others, environmental protection and sewage treatment projects and the issued shares of which are listed on the Main Board of the Stock Exchange. The Guarantor was also the chairman of the board of Heilongjiang Interchina Water Treatment Company Limited (SSE Stock Code: 600187) from January 2009 to May 2015, during such period its principal activities include, among others, environmental protection and sewage treatment projects and the issued shares of which are listed on the Shanghai Stock Exchange.

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

## LETTER FROM THE BOARD

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.

Based on the unaudited management account of the Target Group for the financial year ended 30 June 2019, notwithstanding that the PRC operation of the Target Group is still loss-making, the revenue generated from the PRC market has increased from approximately HK\$0.2 million for the financial year ended 30 June 2018 to approximately HK\$1.7 million for the financial year ended 30 June 2019, representing an increase of 750%. Leveraging on the experience, expertise, and relationship and connections of the Guarantor in the industry in the PRC, the Target Group has also entered into two framework supply contracts with two new customers in the PRC during the financial year ended 30 June 2019. As at the Latest Practicable Date, the Target Group is in the course of negotiating with certain potential customers in the PRC, in relation to the entering into of framework supply contract. Given the sign of improvement on the performance of the Target Group in the PRC market as set out above, the Target Group intends to focus on the PRC market and will consider to dispose of its business operation in other markets. In July 2019, the Target Group has entered into a non-legally binding letter of intent with a potential purchaser in relation to the disposal of the entire issued shares of Emission Particle Solution Sweden AB, the principal operating subsidiary of the Target Group other than its operation in the PRC and the North American market. The said letter of intent was subsequently lapsed and as at the Latest Practicable Date, the Target Group is still in the course of negotiating with the said potential purchaser on the terms of the definitive agreement in relation to the said disposal. As at the Latest Practicable Date, no legally binding agreement has been entered into in relation to the disposal of the business operation of the Target 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, who is instrumental in the improvement of the performance of the Target Group in the PRC market for the financial year ended 30 June 2019, has agreed to be the consultant of the Target Group 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.



## **LETTER FROM THE BOARD**

### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.36 of the Listing Rules, the entering into of the Deed of Settlement constitutes material variation of the terms of the Disposal.

As the Deed of Settlement constitutes material variation of the terms of the Disposal previously approved by the Shareholders, the SGM will be convened by the Company to seek the Shareholders' approval of the Deed of Settlement and the transactions contemplated thereunder (including but not limited to the entering into of the Service Agreement).

### **CLOSURE OF REGISTER OF MEMBERS**

The SGM is scheduled to be held on Thursday, 14 November 2019. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 11 November 2019 to Thursday, 14 November 2019, 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 office of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 November 2019.

### **SGM**

A notice convening the SGM to be held at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong on Thursday, 14 November 2019 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution approving the Deed of Settlement and the transactions contemplated thereunder (including but not limited to the entering into of the Service Agreement).

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 54, 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.

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 (including but not limited to the entering into of the Service Agreement) at the SGM. As at the Latest Practicable Date, the Purchaser, the Guarantor and their respective associates hold 8,300,000 Shares in aggregate, representing approximately 0.05% of the issued ordinary share capital of the Company. The Purchaser, the Guarantor and their respective associates will therefore abstain from voting on the resolution at the SGM accordingly.

## LETTER FROM THE BOARD

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 resolution will be put to vote by way of poll at the SGM.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Deed of Settlement and the transactions contemplated thereunder (including but not limited to the entering into of the Service Agreement) 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 Deed of Settlement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

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

**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.**

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

## 1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the three financial years ended 30 June 2017, 2018 and 2019 are disclosed in the annual reports of the Company for the two financial years ended 30 June 2017 and 2018 and the annual results announcement of the Company for the financial year ended 30 June 2019. They can be accessed on the websites of the Company (<http://www.detai-group.com/>) and the Stock Exchange (<http://www.hkexnews.hk>):

- (i) annual report of the Company for the financial year ended 30 June 2017 published on 27 October 2017, which can be accessed via the link at

<http://www.ref.com.hk/ListWeb/00559/pdf/20171027204909E.pdf>; or  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/1027/ltn20171027993.pdf>;

- (ii) annual report of the Company for the financial year ended 30 June 2018 published on 31 October 2018, which can be accessed via the link at

<http://www.ref.com.hk/ListWeb/00559/pdf/20181031190403E.pdf>; or  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1031/ltn20181031045.pdf>;

- (iii) annual results announcement of the Company for the financial year ended 30 June 2019 published on 29 September 2019, which can be accessed via the link at

<http://www.ref.com.hk/ListWeb/00559/pdf/20190929184235E.pdf>; or  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0929/ltn20190929037.pdf>.

## 2. 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 effect of the Deed of Settlement, the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

## 3. INDEBTEDNESS

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of preparing the indebtedness statement prior to the printing of this circular, the Group had indebtedness totalling approximately HK\$144,926,000, details of which are set out below:

	<i>Approximately</i> <i>HK\$'000</i>
Bank borrowings and overdrafts, secured	140,415
Lease liabilities	<u>4,511</u>
	<u><u>144,926</u></u>

As at 31 August 2019, the Group's bank borrowings and overdrafts were secured by freehold land and buildings in Japan, certain bank balances, the entire equity interest of certain subsidiaries of the Group and the corporate guarantees executed by certain subsidiaries within the Group.

The Group has adopted HKFRS 16 "Lease" for the accounting period beginning on 1 July 2019.

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 31 August 2019.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, at the close of the business on 31 August 2019, 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 31 August 2019.

#### **4. 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 2019, the date to which the latest published audited financial statements of the Group were made up.

#### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As at the Latest Practicable Date, the Group is currently 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 funds.

Hotel hospitality business is one of the core businesses of the Group which continuously contributed more than 50% of the Group's revenue. The next Olympic Games will be held in Tokyo, Japan in 2020, and the Japanese government has been actively prepared for the increase number of foreign tourists such as the enactment of the Integrated Resort Laws and expansion of the Shinkansen line. It is expected that this internationally popular sports event together with the new measures of the government will attract 40 million arrivals not only to Tokyo but also to regional areas in Japan. Driven by the government's implementation and Niseko itself as a popular skiing and family holiday destination, tourism development is expected to boom. In recent years, Niseko has become a year round resort destination experiencing rapid growth in foreign visitors and investments especially from Greater China Region and South East Asia.

The Group foresees large potential for growth in the number of overseas tourists and spendings in the resort areas in Niseko in the coming years. The Directors are of the view that the Resort Towers will provide a steady income stream and generate satisfactory income to the Group.

The Group will continue to closely monitor the money lending services in order to provide a secured contribution to the Group's revenue and, on the other hand, seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders of the Company.

For new energy business, China and central Asia are the major markets for the new energy business the Group focused. The Group is in the course of negotiating with certain potential customers in the PRC in relation to the entering into of framework supply contracts to enhance the customers portfolio and the Group's revenue bases.

On the other hand, the Group will consider to dispose of its business operation in other markets to reallocate more resources in the China and central Asia markets. Apart from expanding customer portfolio to improve the revenue, the Group will closely control the costs, hoping to make continuous improvement in the performance of the new energy business.

## 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. Chui Kwong Kau	Beneficial owner	1,980,000	—	1,980,000	0.01
Mr. Chiu Wai On	Beneficial owner	—	974,030	974,030	0.01

Name of Director	Capacity in which Shares/underlying Shares are held	Number of Shares held	Number of held under equity derivatives	Total	Approximate percentage of aggregate interest to total number of Shares in issue % (Note)
Mr. Man Kwok Leung	Beneficial owner	—	974,030	974,030	0.01
Dr. Wong Yun Kuen	Beneficial owner	—	974,030	974,030	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
					%
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 2019 (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 supplemental agreement dated 14 November 2017 entered into between Rich Express Investment Group Limited ("**Rich Express**") and Zhongke International Capital Limited ("**Zhongke International Capital**") to amend the amended and restated joint venture agreement dated 14 July 2017 (the "**Amended and Restated JV Agreement**") in relation to the formation of a joint venture company;
- (b) the loan agreement (the "**Loan Agreement**") dated 5 December 2017 entered into between DeTai Finance Limited ("**DeTai Finance**") as the lender and a company (the "**Borrower**") 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;
- (c) 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;

- (d) 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;
- (e) the SPA (as amended and supplemented by the Extension Letters);
- (f) the loan agreement dated 15 June 2018 (as amended and supplemented by an extension letter dated 21 December 2018) entered into between DeTai Finance as the lender and a company incorporated in Bermuda who is an Independent Third Party and the issued shares of which are listed on the Stock Exchange as the borrower relating to the granting of the term loan in the amount of HK\$18,750,000;
- (g) the loan agreement dated 26 June 2018 entered into between DeTai Finance as the lender and a company incorporated in Bermuda who is an Independent Third Party and the issued shares of which are listed on the Stock Exchange as the borrower relating to the granting of the term loan in the amount of HK\$42,600,000;
- (h) the facility agreement dated 10 August 2018 entered into among DeTai Finance and another money lender as the lenders and a company incorporated in Hong Kong who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$100,000,000, among which HK\$50,000,000 shall be committed by DeTai Finance and HK\$50,000,000 shall be committed by another money lender;
- (i) the loan agreement dated 26 September 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;
- (j) the loan agreement dated 26 September 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\$11,102,216;
- (k) the supplemental settlement deed dated 28 September 2018 (the “**Supplemental Settlement Deed**”) entered into between Mr. Lee Man Bun (“**Mr. Lee**”) and the Company, pursuant to which Mr. Lee agreed to settle HK\$30,650,000 (being the sum of outstanding settlement payment under the settlement deed dated 26 September 2016 and the additional amount of compensation of HK\$500,000) on or before 31 March 2019;

- (l) the loan agreement dated 28 September 2018 entered into between DeTai Finance as the lender and a company incorporated in the Cayman Islands who is an Independent Third Party and the issued shares of which are listed on GEM of the Stock Exchange as the borrower relating to the granting of the term loan in the amount of HK\$6,124,530;
- (m) the loan agreement dated 5 October 2018 entered into between DeTai Finance as the lender and a natural person as the borrower relating to the granting of the term loan in the amount of HK\$32,000,000;
- (n) the deed of termination dated 17 January 2019 and entered into between Rich Express and Zhongke International Capital to terminate the Amended and Restated JV Agreement;
- (o) the sale and purchase agreement dated 29 January 2019 and entered into between Rich Shine Development Limited (a wholly owned subsidiary of the Company) as purchaser and Tang Nanjun (唐南軍) and Tang Yilin (唐懿琳) as vendors in relation to the sale and purchase of the property (the “**Property**”) located at Unit 2, 31st Floor of Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong at the consideration of HK\$80,000,000;
- (p) the loan agreement dated 4 February 2019 entered into between DeTai Finance as the lender and a company incorporated in Hong Kong who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$15,000,000;
- (q) the loan agreement dated 24 March 2019 entered into between DeTai Finance as the lender and a company incorporated in Bermuda who is an Independent Third Party as the borrower relating to the granting of the term loan in the amount of HK\$51,350,000;
- (r) the sale and purchase agreement dated 25 April 2019 and entered into between the Company as vendor and Team Eight Group Limited as purchaser in relation to the sale and purchase of the entire issued share capital in and the shareholder’s loan owed by Rich Shine Development Limited, which is holding company of the Property, at the consideration of HK\$82,820,000;
- (s) the Deed of Settlement (as amended and supplemented by the Extension Letter);
- (t) the second supplemental deed dated 27 September 2019 (the “**Second Supplemental Settlement Deed**”) entered into between Mr. Lee and the Company, pursuant to which Mr. Lee agreed to settle HK\$21,050,000 (being the sum of the outstanding settlement payment of HK\$20,650,000 under the Supplemental Settlement Deed dated 28 September 2018 and additional amount of compensation of HK\$400,000) on or before 30 September 2020; and

- (u) the deed of settlement dated 8 October 2019 and entered into between DeTai Finance and the Borrower, pursuant to which the Borrower agreed to settle its payment obligations and liabilities under the Loan Agreement with the outstanding balances of HK\$36,643,520.36 by payment of an aggregate amount of HK\$40,307,872.40 within 24 months after 8 October 2019.

## 8. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is Room 2702, 27th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Ms. Tsang Kwai Ping, who is a member of The Hong Kong Institute of Chartered Secretaries, the Chartered Governance Institute in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) 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 Room 2702, 27th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong, from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (c) the annual report of the Company for the financial year ended 30 June 2018;
- (d) the annual results announcement of the Company for the financial year ended 30 June 2019; and
- (e) 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 an special general meeting (the “**SGM**”) 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 Thursday, 14 November 2019 at 10:30 a.m. for the purposes of considering and, if thought fit, passing the following resolution of the Company. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated 25 October 2019 (the “**Circular**”).

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the deed of settlement (as amended and supplemented by the extension letter, the “**Deed of Settlement**”) entered into among the Company, Excellent Point Asia Limited (the “**Purchaser**”) and Mr. Zhu Yongjun dated 15 July 2019 setting out the terms and conditions of for the settlement of the payment obligations and liabilities of the Purchaser under the Third Completion, the Fourth Completion and the Fifth Completion, and the transactions contemplated thereunder, including but not limited to the entering into of the Service Agreement, be and are hereby approved, confirmed and ratified; and
- (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Deed of Settlement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

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

Hong Kong, 25 October 2019

## NOTICE OF SGM

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Room 2702, 27th Floor  
China Resources Building  
26 Harbour Road  
Wan Chai, Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM (i.e. 10:30 a.m. on Thursday, 14 November 2019) or any adjournment thereof.
4. 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.
5. 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 SGM was originally held within 12 months from such date.
6. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. The register of members of the Company will be closed from Monday, 11 November 2019 to Thursday, 14 November 2019 (both dates inclusive) for determining the identity of the shareholders who are entitled to attend and vote at the SGM. No transfer of shares of the Company will be registered during this period. In order to be eligible to attend and vote at the SGM, unregistered holders of the shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 8 November 2019.