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## **BUSINESS UPDATE**

### **CESSATION OF NEW ENERGY BUSINESS**

This announcement is made by DeTai New Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders (the “**Shareholders**”) of the Company and potential investors an update on the latest business development of the Group.

On 5 February 2021, the Company as vendor and an individual third party (the “**Purchaser**”) as purchaser entered into the sale and purchase agreement (the “**SPA**”), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase 7,275 shares of Perfect Essential Holdings Limited (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”), representing 72.75% of the issued share capital of the Target Company, and all obligations, liabilities and debts owing or incurred by the Target Company to the Company on or at any time prior to the completion (the “**Disposal**”), subject to the terms and conditions of the SPA at a total consideration of HK\$5.8 million. The Target Group is mainly engaged in the development, manufacturing and distribution of a biodegradable fuel additive product. The Disposal does not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company announces that completion of the Disposal (the “**Completion**”) took place on 10 February 2021. Upon the Completion, the Company ceased to have any interest in the Target Group and the Target Group ceased to be subsidiaries of the Company and the Group ceased the operation of the new energy business. Accordingly, the profits and losses and the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

Since the financial results of the Target Group has been at a net loss and remained a net liability position in the previous years, the performance of the Target Group was unsatisfactory. The Disposal would provide the Group an immediate cash inflow and allows the Group to devote its resources and resources to focus on other core business segments of the Group. The directors of the Company (the “**Directors**”) consider that it is in the best interest of the Company and its Shareholders as a whole to cease the operation of the new energy business.

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

Hong Kong, 10 February 2021

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chan Wai Ki and Mr. Eric Todd; and the independent non-executive Directors are Mr. Chiu Wai On and Mr. Man Kwok Leung.*