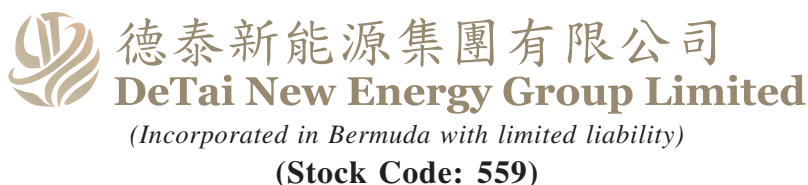


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**UPDATE ON PROPOSED TRANSFERS OF  
CONVERTIBLE PREFERENCE SHARES  
AND**

**FULLY EXEMPTED CONNECTED TRANSACTION DEED OF SETTLEMENT**

Reference is made to the (i) circular of DeTai New Energy Group Limited (the “**Company**”) dated 7 October 2016 in relation to the agreement for transfer of Convertible Preference Shares dated 13 September 2016 (the “**First CPS Transfer Agreement**”) and entered into between the Company of the one part and Mr. Zhu Yongjun (“**Mr. Zhu**”) and Jumbo Grand Enterprise Development Limited (“**Jumbo Grand**”) of the other part; and (ii) the circular (the “**Circular**”) of the Company dated 16 November 2016 in relation to the Transfers. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

**UPDATE ON PROPOSED TRANSFERS OF CONVERTIBLE PREFERENCE SHARES**

The Board wishes to provide an update on the proposed transfers of the Convertible Preference Shares. As at the date of this announcement, 571,430,000 Convertible Preference Shares and 175,000,000 Convertible Preference Shares have been transferred to Jumbo Grand and Wolfview respectively, which have been fully converted into Shares by Jumbo Grand and Wolfview.

For the proposed transfers of 80,000,000 Convertible Preference Shares, 118,332,619 Convertible Preference Shares, 118,332,619 Convertible Preference Shares and 175,000,000 Convertible Preference Shares to Mr. Zhu, Capital Farm, Jovial Sky and New Hyde respectively, despite repeated requests by the Company, they have failed to complete the relevant transfers of the Convertible Preference Shares pursuant to the terms of the relevant agreements for the transfers of the Convertible Preference Shares. On 22 March 2017, the Company notified them in writing that their failure to complete the relevant transfers of the Convertible Preference Shares constitutes repudiatory breach of the relevant agreements for the transfers of the Convertible Preference Shares and thereby they have repudiated such agreements.

## **DEED OF SETTLEMENT**

On 22 March 2017, the Company and Mr. Zhu entered into a deed of settlement (the “**Deed**”) for the repudiatory breach of the First CPS Transfer Agreement by Mr. Zhu pursuant to which:

- (i) Mr. Zhu shall pay HK\$125,000 (the “**Settlement Sum**”) to the Company within 10 business days from the date of the Deed; and
- (ii) the Company shall release and discharge Mr. Zhu from all his obligations and liabilities in respect of the repudiatory breach of First CPS Transfer Agreement and from all claims and demands whatsoever arising out of or in respect of the repudiatory breach of First CPS Transfer Agreement as from the date on which Mr. Zhu has fully performed and discharged his obligations under paragraph (i) above.

Mr. Zhu is the sole shareholder of Jumbo Grand which holds 558,480,000 Shares, representing approximately 10.67% of the issued share capital of the Company as at the date of this announcement. Mr. Zhu is therefore a connected person of the Company. Mr. Zhu is also a director of Emission Particle Solution Sweden AB, an indirect wholly-owned subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is currently engaged in six business segments, (i) new energy business; (ii) hotel hospitality business; (iii) provision of money lending services; (iv) manufacturing and trading of electric cycles; (v) trading and distribution of liquor and wine; and (vi) investments in listed securities.

The Settlement Sum was arrived at after arm’s length negotiations between the Company and Mr. Zhu which is equal to the costs and expenses including the legal costs incurred by the Company in relation to the First CPS Transfer Agreement which amounted to HK\$125,000.

The Directors (including the independent non-executive Directors) consider that the terms of the Deed are fair and reasonable and in the interest of the Company and its Shareholders as a whole for the following reasons:

- (i) the closing price of the Shares for the last five trading days immediately prior to the date of Deed was HK\$0.2108 per Share which is higher than the transfer price of HK\$0.21 per Convertible Preference Share;
- (ii) the costs and expenses including the legal costs incurred by the Company in relation to the First CPS Transfer Agreement would be fully reimbursed; and
- (iii) Jumbo Grand which is wholly-owned by Mr. Zhu had taken up 571,430,000 Convertible Preference Shares under the First CPS Transfer Agreement.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhu is the sole shareholder of Jumbo Grand, which owns 558,480,000 Shares, representing approximately 10.67% of the issued share capital of the Company. Mr. Zhu is therefore a substantial Shareholder and the transactions contemplated under the Deed constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under the Listing Rules are less than 0.1%, the transactions contemplated under the Deed are fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements.

The Company is considering its legal rights and remedies arising from the breach by other relevant purchasers of the Convertible Preference Shares of their respective obligations under the relevant agreements.

The Company will look for other potential investor(s) to purchase the remaining Convertible Preference Shares.

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

Hong Kong, 22 March 2017

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; 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.*